

# Sanford *Florida*



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
SEPTEMBER 30, 2003



*On the cover (from top):*

- 1. Sanford ball players at the 2003 youth baseball opening day ceremonies.*
- 2. Honor Guard member Lt. Robert Vaughn at the City's annual Christmas parade.*
- 3. Sanford Police Chief Brian Tooley and Deputy Chief Darrel Presley along side SPD's vintage 1962 Chevrolet Impala Police Car.*
- 4. Arial view of Sanford City Hall, the Sanford Marina, and Memorial Park.*

**CITY OF SANFORD, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**September 30, 2003**

Prepared by:  
Department of Finance

**CITY OF SANFORD, FLORIDA**  
**Comprehensive Annual Financial Report**  
**Year Ended September 30, 2003**

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## **INTRODUCTORY SECTION:**

This section contains the following subsections:

- LETTER OF TRANSMITTAL
- ORGANIZATIONAL CHART
- PRINCIPAL OFFICIALS
- CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING





# City of Sanford, Florida

P.O. Box 1788 • 32772-1788  
(407) 330-5610 • (407) 330-5666 Fax

Office of Finance and  
Administrative Services

February 23, 2004

To the Honorable Mayor, City Commission and Citizens of the City of Sanford, Florida:

It is with great pleasure that we present the City of Sanford, Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2003. State law requires that all general-purpose local governments publish within twelve months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

The report consists of management's representations concerning the finances of the City of Sanford. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Sanford has established a comprehensive internal control framework that is designated both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Sanford's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Sanford's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Sanford's financial statements have been audited by Cherry, Bekaert, & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Sanford for the fiscal year ended September 30, 2003 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Sanford's financial statements for the fiscal year ended September 30, 2003 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of

*"The Friendly City"*



Sanford's MD&A can be found immediately following the report of the independent auditors.

### **Significant Change in Presentation**

Effective with this year's report, the City of Sanford has implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34). The format and purpose of the new statements mandated by this requirement are discussed in Management's Discussion and Analysis. We believe this new presentation will provide better information to the users of the CAFR.

### **Profile of the City**

The City of Sanford is located in Central Florida in Seminole County, one of the fastest growing counties in the Nation. Nicknamed "Celery City" for its agricultural interest in the early 1900's, Sanford was incorporated in 1877 under the direction of General Henry Shelton Sanford. When Seminole County split from neighboring Orange County in 1913 the City of Sanford was named as the County Seat. Sanford is bounded in the East by Orlando-Sanford International Airport, in the North by Lake Monroe, in the West by Interstate 4, and in the South by Seminole Community College and the City of Lake Mary. The Sanford Commercial District was proclaimed a historic district and placed on the National Register in 1976. The Sanford Residential Historic District, an area of approximately 76 blocks south of the commercial district, was placed on the National Register in 1989. The St. James African Methodist Episcopal Church, erected in 1913, was designated an historic landmark in May 1990.

A charter city, the legislative branch is composed of four single-district elected Commissioners and a citywide elected Mayor. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager. To effectively execute these policies, as well as to accommodate the unprecedented residential and commercial growth currently experienced by the City and its contiguous areas, the Commission has previously adopted a strategic plan, presented by the City Manager. The vision encompassed the following six major goals:

1. Every neighborhood in the City is a safe and friendly place to live and City residents have pride in their homes and neighborhoods.
2. The City's schools and businesses provide our residents with the opportunity to succeed in life.
3. The City's unique assets are unparalleled and enjoyed by residents and visitors alike.
4. City government, at all levels, has the vision and leadership to be successful.
5. Redevelop U.S. 17-92 to enhance the visual appearance and maintain vibrant businesses.
6. Initiate marketing, image building and public relations campaign to boost the City's image as a destination place and vibrant place of commerce.

Additionally, the Commission has adopted a comprehensive plan, along with land development regulations, and various master plans. The City has established departmental work plans geared toward realizing the vision set forth in the strategic plan. In addition, the City is working in cooperation with Seminole County, Seminole County School Board and other area agencies in a cooperative effort to maximize the opportunities and minimize negative impacts of regional growth.



The City of Sanford provides a full range of services, including police and fire protection; construction and maintenance of streets and other infrastructure; recreation activities and cultural events; and water, wastewater and stormwater utilities. The City of Sanford is also financially accountable for three legally separate component units. The Sanford Airport Authority and Community Redevelopment Agency are presented as discrete component units of the City, with the Sanford Finance Corporation presented as a blended component unit. Additional information on these legally separate entities can be found in notes to the financial statements.

The annual budget serves as the foundation for the City of Sanford's financial planning and control. Department requests for appropriation are submitted to the City Manager, who uses these requests as the starting point for developing the proposed budget. The City Manager is required by City Charter to present the proposed budget to the City Commission for review on or before July 1. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. After adoption, the City Manager is authorized to approve transfers of appropriations within and/or between departments. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Sanford operates.

**Local economy.** With the continuation of growth and development, the City has experienced a considerable increase in its ad valorem tax base during recent years. Total assessed value has increased approximately 50% since Fiscal Year 1998. Accordingly, current ad valorem tax revenues have helped mitigate lesser returns from other revenue sources such as interest earnings and sales tax proceeds. Major ad valorem taxpayers include the Seminole Towne Center regional mall and Central Florida Regional Hospital. The City's population has also continued to increase to its current total of 44,549, making it the largest city in Seminole County and 48<sup>th</sup> largest in the State of Florida. Population is a factor used in determining the City's distribution from the State Municipal Revenue Sharing Program.

**Long-term financial planning.** Through the budget process, the City Commission has continued its commitment to maintaining or improving levels of service and promoting the health, safety and welfare of its citizens and enhancing the quality of life, through the appropriation of funds for the following major projects:

- Completion of construction of the Riverwalk Improvement Project – Phase I.
- Continuation of construction of the St. John's Parkway Connector Road.
- Continuation of the Citywide Sidewalk Replacement Program.
- Continuation of the Citywide Pavement Rehabilitation Program.
- Continuation of the Historic District Street Light Program.
- Design portion of the Citywide Stormwater Drainage Improvements Project.
- Construction on a new \$12M Water Reclamation Facility to expand service capacity to the eastern and southern portions of the City.
- Continuation of construction of the Reclaimed Water Augmentation Project.



- Construction of the First Street Streetscape Project to provide rehabilitation and revitalization of the downtown corridor.

Additionally, several future projects are anticipated including:

- Construction of Phase II of the Riverwalk Improvement Project.
- Construction phase of the Citywide Stormwater Drainage Improvements Project.
- Construction of a new Public Safety Facility.

**Cash management policies and practices.** Cash, other than that of pension trust funds, temporarily idle during the year was invested in the State Board of Administration of Florida (SBA). Total interest earned from the SBA for all funds for the fiscal year was \$632,145 with interest rates ranging from 1.29% to 1.89%, with an average rate of 1.51%. Total SBA investments for the primary government only at September 30, 2003 were \$33,339,841. SBA's portfolio for local governments does not use leverage in its investing practices nor does it own derivatives. Investment instruments typically have a short average maturity, reducing interest rate sensitivity.

The Police Officers' Retirement Fund investments are managed by various investment managers who specialize in specific types of investments (e.g., fixed income, growth equities, income equities, and international equities). Salem Trust Company serves as custodian the for Police Officers' Retirement Fund. The Firefighters' Retirement Fund investments are managed by Trusco Capital Management with SunTrust serving as custodian. The Police Officers' investment portfolio includes mutual funds, domestic stocks, corporate bonds, U.S. Treasury Bonds, and international stocks with a combined market value of \$17,148,496 at September 30, 2003. The Firefighters' investment portfolio includes the same type instruments, with the exception of international stocks, with a combined market value of \$11,941,211 at September 30, 2003. The rate of return net of investment related expenses for fiscal year 2003 was 11.99% for the Police Officers' Fund and 9.83% for the Firefighters' Fund.

**Risk management.** During the current fiscal year, the City was self insured for workers' compensation with a self insured retention of \$150,000 per claim, but carries catastrophic workers' compensation coverage for claims up to the statutory limit. Employee health insurance was obtained through United Health Care, Inc. and employee life insurance was obtained through Aetna Life Insurance Company. All general liability, auto liability, auto physical damage, and property insurance was obtained through a private carrier with the City maintaining self insured retention of \$100,000 for general and auto liability and \$50,000 for City auto physical damage and City property coverage. Self insurance is administered through an internal service fund.

**Pension and other postemployment benefits.** The City of Sanford sponsors a single-employer defined benefit pension plan for its police officers and a single-employer defined benefit pension plan for its firefighters. Each year, an independent actuary engaged by the pension plans calculates the amount of the annual contribution that the City of Sanford must make to each plan to ensure that the plans will be able to fully meet their obligations to retired employees on a timely basis. In accordance with state statues and local ordinances, the City of Sanford fully funds each year's annual required contribution to each pension plan as determined by the actuary. In addition to the City's contribution, police officers and firefighters make a 5.1% and 7% contribution of salary, respectively. Further, the State of Florida contributes funds collected from insurance premium excise taxes.

The City of Sanford also contributes to the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees other than police officers and firefighters. The Airport Authority also participates in the FRS. The City of Sanford has no obligation in connection with employee benefits offered through this plan beyond its annual required payment to the FRS.

The City of Sanford also provides postretirement health and life insurance benefits for certain retirees. As of the end of the current fiscal year, there were 66 retired employees receiving health benefits and 116 receiving life insurance benefits, both of which are financed on a pay as you go basis. Additional information on the City of Sanford's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

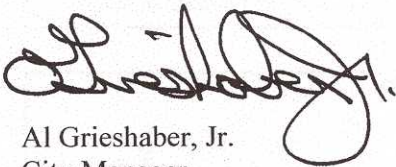
### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sanford for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2002. This was the fourteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report and to our accounting firm, Cherry, Bekaert and Holland, L.L.P. Credit must also be given to the Mayor and City Commission for their unfailing support and steadfast commitment to maintaining the financial integrity of the City. With their continued leadership, the City can look forward to a secure financial future.

Respectfully submitted,



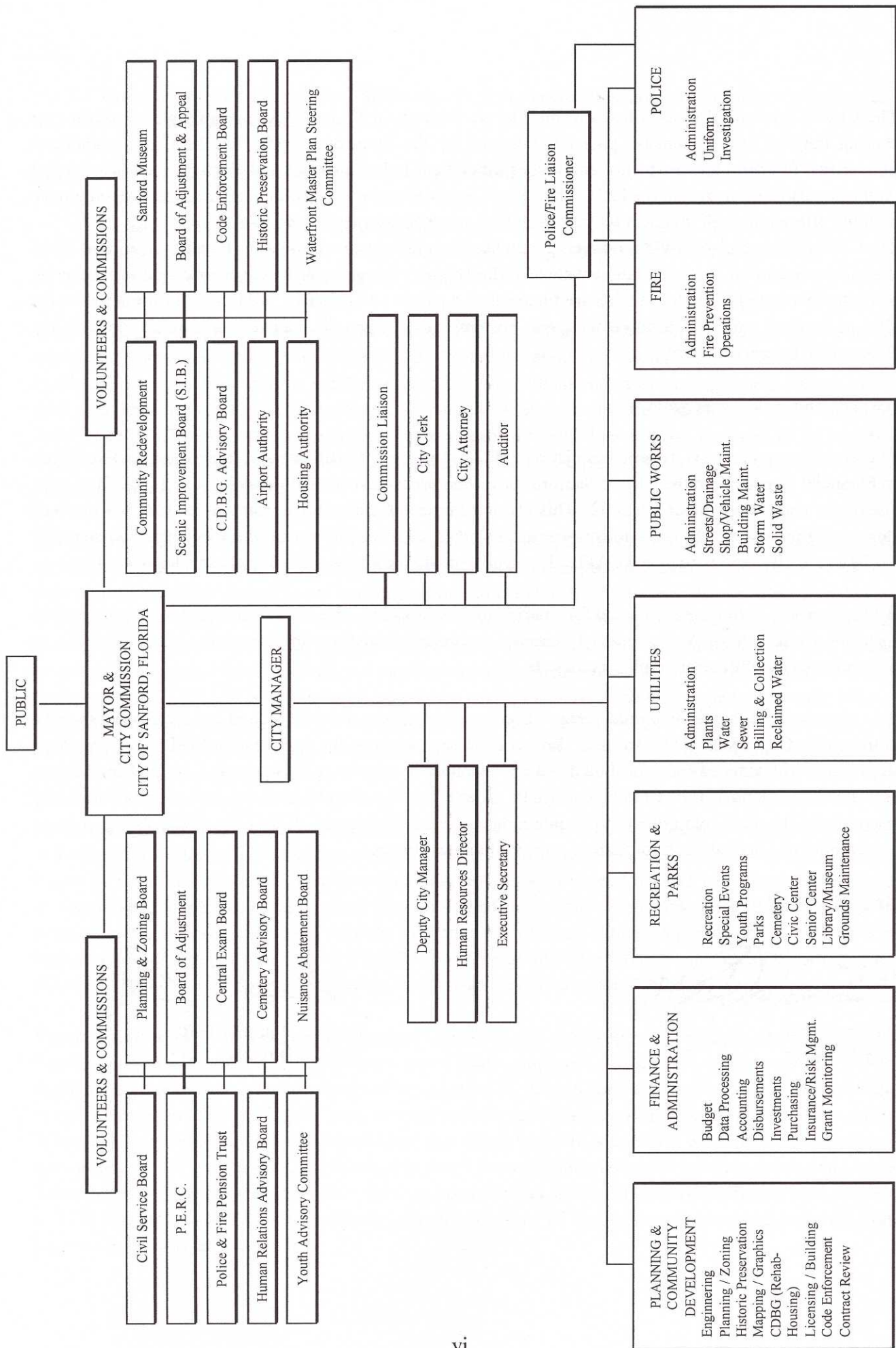
Al Grieshaber, Jr.  
City Manager



Kevin L. Smith, CGFO  
Finance Director



# City of Sanford Organizational Chart





**CITY OF SANFORD, FLORIDA**

**PRINCIPAL OFFICIALS**

**Year Ended September 30, 2003**

**MAYOR**

**Brady Lessard**

**COMMISSIONERS**

**Kevin Hipes**

**Art Woodruff**

**Randy Jones**

**Velma H. Williams, Ph.D**

**STAFF**

**Al Grieshaber, Jr., City Manager**

**Andrew Van Gaale, Deputy City Manager**

**Kevin L. Smith, Director of Finance & Administrative Services**

**Janet R. Dougherty, City Clerk**

**Russell L. Gibson, Director of Planning & Community Development**

**William M. Kirby, Director of Parks & Recreation**

**Thomas J. George, Director of Public Works**

**Paul Moore, Director of Utilities**

**Joe Denaro, Director of Human Resources**

**Brian F. Tooley, Police Chief**

**Gerard T. Ransom, Fire Chief**

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sanford,  
Florida

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enen".

Executive Director

## **FINANCIAL SECTION:**

This section contains the following subsections:

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT DISCUSSION AND ANALYSIS
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION
- COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sanford, Florida (the "City"), as of and for the year ended September 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Sanford Airport Authority, which represents 100% of the assets and revenues of the Component Unit - Airport Authority column. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Sanford Airport Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures* effective October 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2004 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis section on pages 3 through 14 and the budgetary comparison information and pension disclosures on pages 65 through 67 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, and is not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Cheng, Bolant & Holland, L.L.P.*

Orlando, Florida  
January 30, 2004



## **Management's Discussion and Analysis**

As management of the City of Sanford (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2003. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - v of this report.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$118,189,710 (net assets). Of this amount, \$23,531,885 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$14,368,138.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14,068,640, a decrease of \$2,615,914 in comparison with the prior year. Approximately 98 percent of this total amount, \$13,755,632, is available for spending at the government's discretion (unreserved fund balance).
- Net assets of the Police Officers' and Firefighter's Pension Trust Funds increased by \$1,918,131 and \$937,392, respectively. These increases were attributable to an increase in the fair value of investments as well as employer and plan member contributions.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report contains other supplementary information.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community and economic development, planning and zoning, construction services, building permits, police, fire, public works, federal housing programs, engineering services, health and sanitation, museum, and parks and recreation. The business-type activities of the City include the water and sewer utility and the stormwater utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate community redevelopment agency and a legally separate airport authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Sanford Finance Corporation, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15 and 16 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, and the Riverwalk Capital Projects Fund, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and certain Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget and is presented as required supplemental information.

The governmental fund financial statements can be found on pages 17 - 20 of this report.

***Proprietary funds.*** The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and stormwater operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its risk management activities. Because services accounted for in an internal service fund predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Stormwater Fund. The internal service fund is presented with the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 21 - 24 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 25 - 26 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, and is required by accounting principles generally accepted in the United States of America. The notes to the financial statements can be found on pages 27 - 64 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 65 - 67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68 - 80 of this report.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$118,189,710 at the close of the most recent fiscal year.

A significant portion of the City's net assets (70%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (10%) represents resources that are subject to external restrictions on how they may be used. This would include unspent bond proceeds referred to above. The remaining balance of unrestricted net assets

(\$23,531,885) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities.

Following is a summary of the City's Net Assets, with prior year comparative amounts, as found on page 15 of this report:

**City of Sanford's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other Assets	\$ 18,679,775	\$ 20,778,691	\$ 25,759,371	\$ 30,086,016	\$ 44,439,146	\$ 50,864,707
Capital assets, net	30,856,215	20,352,193	97,346,022	91,277,149	128,202,237	111,629,342
Total assets	<u>49,535,990</u>	<u>41,130,884</u>	<u>123,105,393</u>	<u>121,363,165</u>	<u>172,641,383</u>	<u>162,494,049</u>
Long-term liabilities outstanding	5,303,411	4,957,806	43,915,306	46,337,249	49,218,717	51,295,055
Other liabilities	3,069,836	2,999,110	2,163,120	4,378,312	5,232,956	7,377,422
Total liabilities	<u>8,373,247</u>	<u>7,956,916</u>	<u>46,078,426</u>	<u>50,715,561</u>	<u>54,451,673</u>	<u>58,672,477</u>
Net assets:						
Invested in capital assets, net of related debt	29,346,215	18,757,193	53,700,928	43,431,796	83,047,143	62,188,989
Restricted	1,833,224	65,951	9,777,458	10,576,968	11,610,682	10,642,919
Unrestricted	9,983,304	14,350,824	13,548,581	16,638,841	23,531,885	30,989,665
Total net assets	<u>\$ 41,162,743</u>	<u>\$ 33,173,968</u>	<u>\$ 77,026,967</u>	<u>\$ 70,647,605</u>	<u>\$ 118,189,710</u>	<u>\$ 103,821,573</u>



**Governmental activities.** Governmental activities increased the City's net assets by \$7,988,775, thereby accounting for 56 percent of the total growth in the net assets of the City. The increase in net assets from prior year consists mainly of construction in progress for the east west connector road and riverwalk of \$1,842,560 and \$7,189,811, respectively. Key elements of this change are as follows:

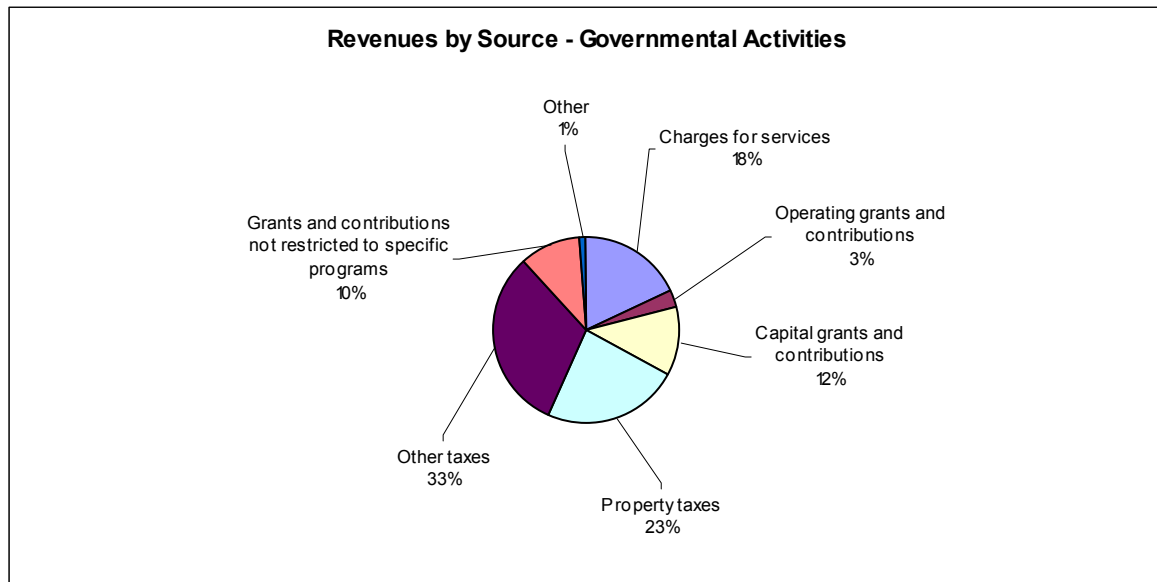
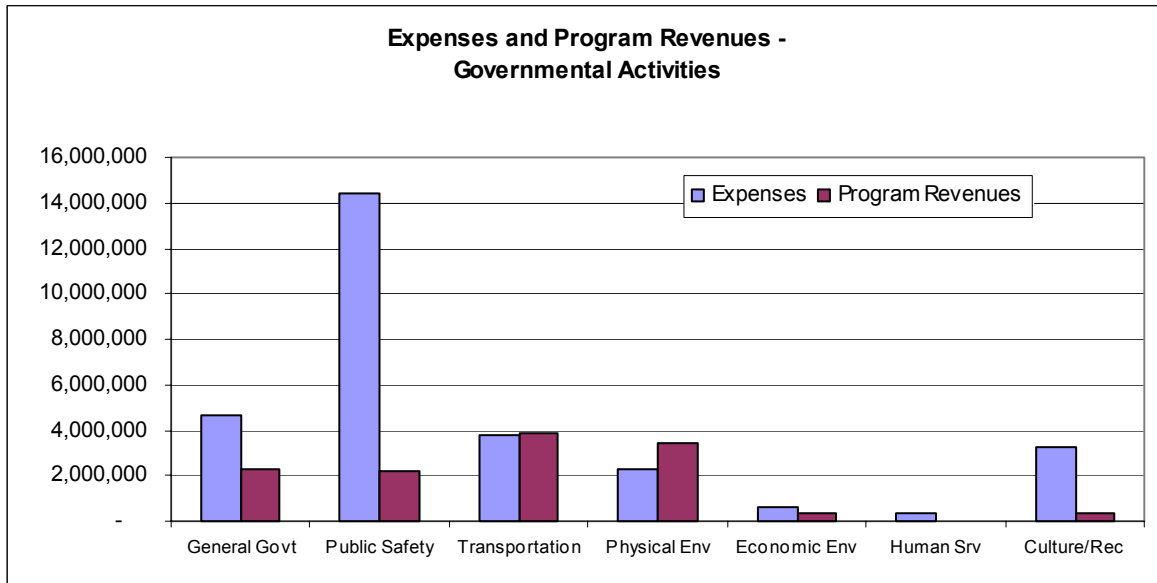
**City of Sanford's Changes in Net Assets**

	Governmental Activities 2003	Business-type Activities 2003	Total 2003
Revenues:			
Program revenues:			
Charges for services	\$ 6,897,278	\$ 13,621,764	\$ 20,519,042
Operating grants and contributions	1,127,171	29,350	1,156,521
Capital grants and contributions	4,486,405	2,168,644	6,655,049
General revenues:			-
Property taxes	8,854,648	-	8,854,648
Other taxes	12,178,995	-	12,178,995
Grants and contributions not restricted to specific programs	3,946,795	1,723,552	5,670,347
Other	428,744	614,613	1,043,357
Total Revenues	<u>37,920,036</u>	<u>18,157,923</u>	<u>56,077,959</u>
Expenses:			
General government	4,661,888	-	4,661,888
Public safety	14,387,869	-	14,387,869
Transportation	3,813,156	-	3,813,156
Physical environment	2,295,173	-	2,295,173
Economic environment	598,683	-	598,683
Human services	366,416	-	366,416
Culture/recreation	3,258,013	-	3,258,013
Water & Sewer	-	10,933,935	10,933,935
Stormwater	-	1,394,688	1,394,688
Total Expenses	<u>29,381,198</u>	<u>12,328,623</u>	<u>41,709,821</u>
Increase in net assets before transfers	8,538,838	5,829,300	14,368,138
Transfers	(550,063)	550,063	-
Increase in net assets	7,988,775	6,379,363	14,368,138
Net assets - 10/01/02	33,173,968	70,647,604	103,821,572
Net assets - 9/30/03	<u>\$ 41,162,743</u>	<u>\$ 77,026,967</u>	<u>\$ 118,189,710</u>

Property taxes, which comprised 23 percent of the City's revenues by source, increased by \$930,477 or 12 percent. This was attributable to growth and appreciation in the gross taxable values of real, personal and centrally assessed property for operating purposes.

Other taxes, which comprised 33 percent of the City's revenues by source, increased by \$3,832,402 or 46 percent. This increase was related to 1<sup>st</sup> and 2<sup>nd</sup> generation sales tax revenues for the east west connector road and riverwalk construction.

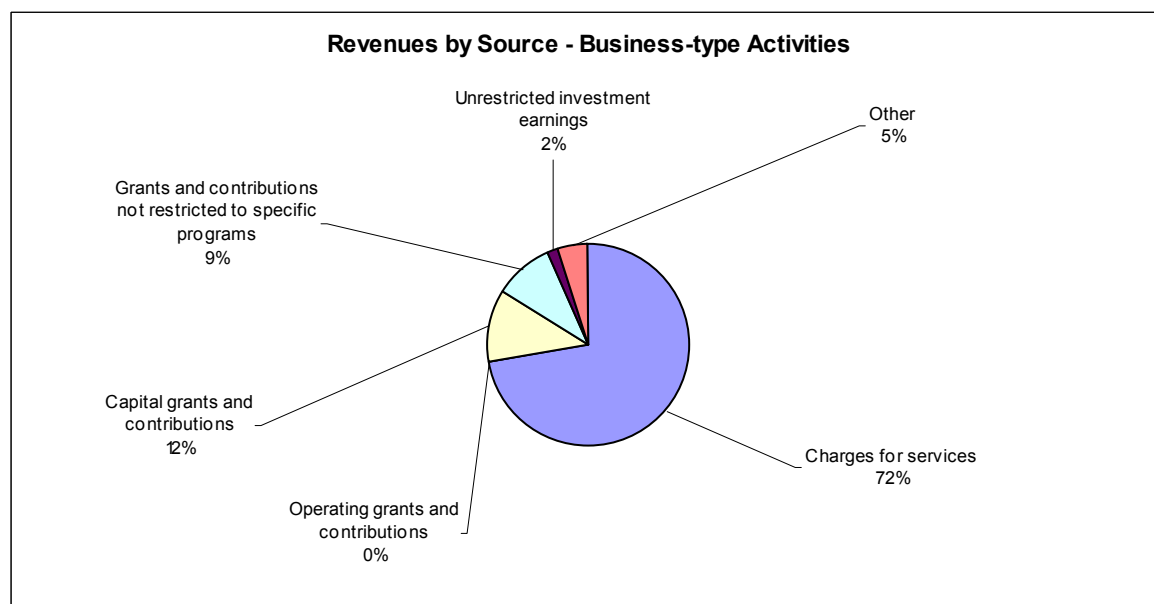
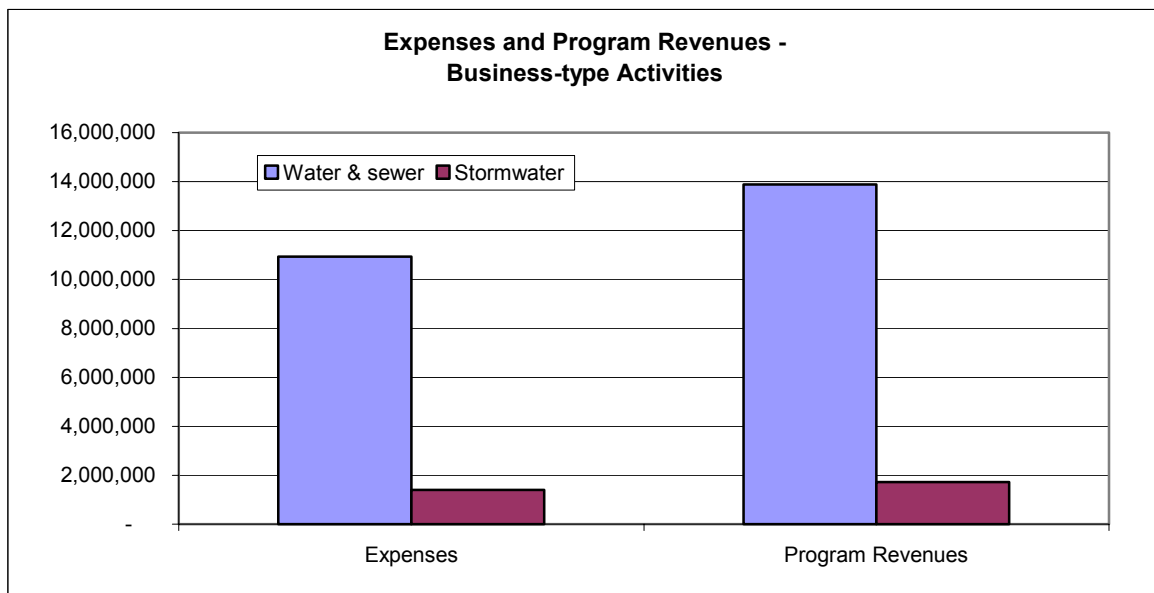
Public safety expenses of \$14,387,869 comprised 49 percent of the total governmental activities expenses of \$29,381,198. Police and Fire, which comprised the majority of public safety expenses, were approximately \$8,621,000 and \$5,678,000, respectively.



**Business-type activities.** Business-type activities increased the City's net assets by \$6,379,363, thereby accounting for 44 percent of the total growth in the City's net assets.

Charges for services of \$13,621,764 increased over the prior year total of \$12,318,838 by \$1,302,926, or 11 percent. Impact fees for water and sewer development totaled \$1,316,705 and grants related to reclaimed water amounted to \$551,606. Community Development Block Grants for Roosevelt Avenue and 19<sup>th</sup> street accounted for \$222,326.

Grants and contributions not restricted to specific programs of \$1,723,552 were primarily related to donated water and sewer lines.



## **Financial Analysis of the Fund Financial Statements (pages 17 - 26)**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$13,154,143, while the total fund balance was \$13,259,263. Of the unreserved fund balance of the general fund, 1) \$700,000 was designated for subsequent year's expenditures (included in the 2003/2004 budget), 2) \$4,600,391 was designated for emergencies, and 3) \$7,853,752 was available for new spending. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represented 44.9 percent of total general fund expenditures, while total fund balance represented 45.3 percent of the same amount.

The fund balance of the City's General Fund decreased by \$1,055,494 during the most recent fiscal year. This decrease was due primarily to the utilization of a portion of fund balance for various expenditures during the year and was offset by increases in ad valorem and utility taxes.

The Riverwalk Capital Projects Fund was established to account for the construction activities of the Riverwalk Improvement Project. This multi-million dollar project represents a major investment in the infrastructure of the City. Phase I extends for 1.2 miles along Lake Monroe from Mellonville Avenue to French Avenue and is funded primarily from State grants and 1<sup>st</sup> and 2<sup>nd</sup> generation sales taxes. At the end of the current fiscal year, this fund had a deficit balance of \$1,516,186. This deficit is to be cured by reimbursement from the State grants and 1<sup>st</sup> and 2<sup>nd</sup> generation sales taxes.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in government-wide financial statements, but in more detail.

Unrestricted net assets of the Water & Sewer Fund at the end of the year amounted to \$12,951,298 and those for the stormwater fund at the end of the year amounted to \$597,283. The total growth in net assets for these funds was \$5,468,169 and \$911,194, respectively.

## General Fund Budgetary Highlights

The general fund budget was increased by \$4,892,699 from the original budget (an increase of 17%) and included the following significant changes:

- \$567,827 in increases allocated to the police department
- \$1,172,334 in increases allocated to the fire department
- \$886,858 in increases to transportation
- \$631,656 in increases to culture & recreation
- \$550,063 in increases for transfers to stormwater utility
- \$636,861 in increases for transfers to riverwalk capital projects fund

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of September 30, 2003, amounted to \$128,202,237 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 15 percent (a 52 percent increase for governmental activities and a 7 percent increase for business-type activities).

Pursuant to GASB 34, an extended period of deferral (FY 2007) is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, sidewalks and similar items) acquired before the implementation date becomes effective. The City currently intends to defer implementation until FY 2007. GASB 34 requires the reporting and depreciation of new infrastructure effective with the beginning of the implementation year (October 1, 2002).

Major capital asset events during the current fiscal year include the following significant capital projects underway and included in construction in progress at September 30, 2003:

	Governmental Activities	Business-type Activities
Riverwalk	\$ 7,189,811	\$ -
E/W Connector Rd	1,842,560	-
Cloud Branch Drainage	-	76,007
1st Street Drainage	-	112,180
Sanford Ave 15th Street	-	75,396
Twin Lakes Well #3	-	171,602
Airport Blvd	-	1,000,123
County Road 46A	-	872,050



The City's capital assets include the following:

**City of Sanford's Capital Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2003	2002	2003	2002	2003	2002
Land	\$ 1,573,955	\$ 1,573,955	\$ 6,195,134	\$ 6,058,633	\$ 7,769,089	\$ 7,632,588
Buildings & Improvements	15,654,719	14,207,092	3,963,175	189,341	19,617,894	14,396,433
Water & Sewer System	-	-	72,526,095	68,128,007	72,526,095	68,128,007
Stormwater Mgmt System	-	-	6,325,804	5,711,779	6,325,804	5,711,779
Equipment	4,006,026	4,571,146	2,515,152	2,652,714	6,521,178	7,223,860
Contruction in progress	9,621,515	-	5,820,662	8,536,675	15,442,177	8,536,675
Total	<u>\$ 30,856,215</u>	<u>\$ 20,352,193</u>	<u>\$ 97,346,022</u>	<u>\$ 91,277,149</u>	<u>\$ 128,202,237</u>	<u>\$ 111,629,342</u>

Additional information on the City's capital assets can be found in Note 5 in the notes to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the City had a total bonded debt outstanding of \$28,982,370, secured solely by specified revenue sources (i.e., revenue bonds).

**City of Sanford's Outstanding Debt**

General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenue bonds	\$ 1,510,000	\$ 1,595,000	\$ 27,472,370	\$ 32,711,195	\$ 28,982,370	\$ 34,306,195

The City issued the following bonds during the most recent fiscal year:

- The City issued Utility System Revenue Refunding Bonds, Series 2003 (\$12,450,000) in September 2003, to refinance outstanding Series 1992 and a portion of outstanding Series 1993 Utility System Revenue Bonds.

Additionally, the City obtained an underlying bond rating on the Series 2003 bonds of "A" from Standard and Poors Credit Market Services and "A+" from Fitch, Inc.

Additional information on the City's long-term debt can be found in the notes to the financial statements.

## **Economic Factors and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when adopting the fiscal year 2004 budget. Although ad valorem revenues have continued to increase, total General Fund revenues have not kept pace with the growing cost of government services, including rising personnel costs. Accordingly, budget increases were held to a minimum and efficiency measures were sought in an attempt to effectively manage the City's costs.

The City implemented a rate increase for its water and sewer fund in January 2002. This increase includes annual indexing through fiscal year 2006. Additionally, a stormwater fee increase from \$4 per ERU to \$5 per ERU was implemented on 10/01/03.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all of those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Finance, P.O. Box 1788, Sanford, Florida 32772-1788.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SANFORD, FLORIDA**  
**Statement of Net Assets**  
**September 30, 2003**

	Primary Government			Component Units	
	Governmental Activities	Business Type Activities	Total Primary Government	Sanford CRA	Airport Authority
<b>Assets</b>					
Cash and cash equivalents	\$ 13,089,302	\$ 10,883,917	\$ 23,973,219	\$ 775,338	\$ 871,844
Investments	-	-	-	-	1,453,569
Accounts receivable - net	741,599	1,604,199	2,345,798	-	371,171
Due from other governments	4,478,984	1,249,568	5,728,552	882	217,505
Inventories	63,479	-	63,479	-	-
Prepaid items or other assets	15,589	-	15,589	-	8,520
Restricted cash and cash equivalents	290,822	10,889,487	11,180,309	-	3,525,039
Irrigation rights, net	-	1,132,200	1,132,200	-	-
Capital assets:					
Nondepreciable	11,195,470	12,015,796	23,211,266	-	11,226,971
Depreciable	19,660,745	85,330,226	104,990,971	-	67,247,290
<b>Total assets</b>	<u>49,535,990</u>	<u>123,105,393</u>	<u>172,641,383</u>	<u>776,220</u>	<u>84,921,909</u>
<b>Liabilities</b>					
Accounts payable	1,774,923	883,587	2,658,510	-	329,400
Accrued liabilities	645,196	134,760	779,956	-	138,506
Accrued interest payable	458	202,942	203,400	127,450	-
Due to other governments	5,468	2,479	7,947	-	-
Deferred revenues	573,276	30,265	603,541	-	601,713
Liabilities payable from restricted assets	70,515	909,087	979,602	-	-
Long-term liabilities:					
Due in less than one year	349,541	2,132,717	2,482,258	330,000	283,955
Due in more than one year	4,953,870	41,782,589	46,736,459	5,550,000	20,210,499
<b>Total liabilities</b>	<u>8,373,247</u>	<u>46,078,426</u>	<u>54,451,673</u>	<u>6,007,450</u>	<u>21,564,073</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	29,346,215	53,700,928	83,047,143	-	57,979,808
Restricted for:					
Debt service	-	9,777,458	9,777,458	-	-
Public safety	1,098,522	-	1,098,522	-	-
Culture and recreation	90,305	-	90,305	-	-
Transportation	644,397	-	644,397	-	-
Airport Memorial Fund	-	-	-	-	21,590
Unrestricted	9,983,304	13,548,581	23,531,885	(5,231,230)	5,356,438
<b>Total net assets</b>	<u>\$ 41,162,743</u>	<u>\$ 77,026,967</u>	<u>\$ 118,189,710</u>	<u>\$ (5,231,230)</u>	<u>\$ 63,357,836</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF SANFORD, FLORIDA**  
**Statement of Activities**  
**For the Year Ended September 30, 2003**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Sanford CRA	Airport Authority
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 4,661,888	\$ 1,832,433	\$ 125,087	\$ 322,200	\$ (2,382,168)	\$ -	\$ (2,382,168)	\$ -	\$ -
Public safety	14,387,869	1,386,446	619,514	166,158	(12,215,751)	-	(12,215,751)	-	-
Transportation	3,813,156	14,105	-	3,877,821	78,770	-	78,770	-	-
Physical environment	2,295,173	3,457,763	-	-	1,162,590	-	1,162,590	-	-
Economic environment	598,683	-	326,872	-	(271,811)	-	(271,811)	-	-
Human services	366,416	-	-	-	(366,416)	-	(366,416)	-	-
Culture/recreation	3,258,013	206,531	55,698	120,226	(2,875,558)	-	(2,875,558)	-	-
Total governmental activities	29,381,198	6,897,278	1,127,171	4,486,405	(16,870,344)	-	(16,870,344)	-	-
Business-type activities:									
Water and sewer	10,933,935	11,979,412	29,350	2,092,637	-	3,167,464	3,167,464	-	-
Stormwater	1,394,688	1,642,352	-	76,007	-	323,671	323,671	-	-
Total business-type activities	12,328,623	13,621,764	29,350	2,168,644	-	3,491,135	3,491,135	-	-
Total primary government	<u>\$ 41,709,821</u>	<u>\$ 20,519,042</u>	<u>\$ 1,156,521</u>	<u>\$ 6,655,049</u>	<u>(16,870,344)</u>	<u>3,491,135</u>	<u>(13,379,209)</u>	<u>-</u>	<u>-</u>
<b>Component unit:</b>									
Sanford CRA	\$ 381,132	\$ -	\$ -	\$ -	-	-	-	(381,132)	-
Airport Authority	8,527,469	6,342,588	-	-	-	-	-	-	(2,184,881)
Total component unit	<u>\$ 8,908,601</u>	<u>\$ 6,342,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(381,132)</u>	<u>(2,184,881)</u>
General revenues:									
Property taxes					8,854,648	-	8,854,648	638,170	-
Other taxes					12,178,995	-	12,178,995	-	-
Grants and contributions not restricted to specific programs					3,946,795	1,723,552	5,670,347	247,349	8,170,169
Unrestricted investment earnings					265,407	372,739	638,146	11,747	57,601
Gain on sale of capital assets					19,531	132,509	152,040	-	-
Miscellaneous					143,806	109,365	253,171	-	-
Transfers					(550,063)	550,063	-	-	-
Total general revenues and transfers					24,859,119	2,888,228	27,747,347	897,266	8,227,770
Change in net assets					7,988,775	6,379,363	14,368,138	516,134	6,042,889
Net assets - beginning					33,173,968	70,647,604	103,821,572	(5,747,364)	57,314,947
Net assets - ending					<u>\$ 41,162,743</u>	<u>\$ 77,026,967</u>	<u>\$ 118,189,710</u>	<u>\$ (5,231,230)</u>	<u>\$ 63,357,836</u>

**CITY OF SANFORD, FLORIDA**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2003**

	<b>General Fund</b>	<b>Riverwalk Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 9,843,014	\$ -	\$ 2,080,691	\$ 11,923,705
Accounts receivable - net	741,497	-	-	741,497
Due from other funds	4,080,507	-	-	4,080,507
Due from other governments	757,835	2,286,537	1,434,612	4,478,984
Inventories	63,479	-	-	63,479
Prepaid items	9,641	-	-	9,641
Restricted cash and cash equivalents	70,515	-	220,307	290,822
<b>Total assets</b>	<b>\$ 15,566,488</b>	<b>\$ 2,286,537</b>	<b>\$ 3,735,610</b>	<b>\$ 21,588,635</b>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 850,429	\$ 269,327	\$ 655,167	\$ 1,774,923
Accrued liabilities	601,343	-	2,687	604,030
Accrued interest payable	-	-	458	458
Due to other funds	41,166	3,358,947	721,560	4,121,673
Due to other governments	5,468	-	-	5,468
Deferred revenues	543,101	174,449	30,175	747,725
Liabilities payable from restricted assets	70,515	-	-	70,515
Accrued compensated absences	195,203	-	-	195,203
<b>Total liabilities</b>	<b>2,307,225</b>	<b>3,802,723</b>	<b>1,410,047</b>	<b>7,519,995</b>
Fund balances:				
Reserved for inventories	63,479	-	-	63,479
Reserved for prepaid items	9,641	-	-	9,641
Reserved long-term due from other governments	32,000	-	-	32,000
Reserved for escrow deposit	-	-	207,888	207,888
Unreserved, reported in:				
General fund	13,154,143	-	-	13,154,143
Special revenue funds	-	-	2,117,675	2,117,675
Capital project funds	-	(1,516,186)	-	(1,516,186)
<b>Total fund balances</b>	<b>13,259,263</b>	<b>(1,516,186)</b>	<b>2,325,563</b>	<b>14,068,640</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,566,488</b>	<b>\$ 2,286,537</b>	<b>\$ 3,735,610</b>	<b>\$ 21,588,635</b>

The notes to the financial statements  
are an integral part of this statement.

**CITY OF SANFORD, FLORIDA**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Assets**  
**September 30, 2003**

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Amounts reported for governmental activities in the statement of net assets are different because:

Ending fund balance - governmental funds	\$ 14,068,640
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

Land	\$ 1,573,955	
Construction in progress	9,621,515	
Buildings and improvements, net of \$5,617,358 accumulated depreciation	15,654,719	
Equipment, net of \$10,797,348 accumulated depreciation	<u>4,006,026</u>	
 Total capital assets, net		 30,856,215

The Internal service fund is used to account for the City's risk management costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

75,410

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:

Bonds payable	(1,510,000)	
Compensated absences	(1,231,739)	
Accrued clean-up and long-term care costs	<u>(1,270,232)</u>	
 Total long-term liabilities		 (4,011,971)

Amounts to be collected under long-term receivables are not available to pay for the current period's expenditures, and therefore are reported as deferred in the funds.

174,449

Net assets of governmental activities	<u><u>\$ 41,162,743</u></u>
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**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended September 30, 2003**

	<b>General Fund</b>	<b>Riverwalk Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 16,695,931	\$ 1,942,000	\$ 2,395,712	\$ 21,033,643
Licenses and permits	1,005,520	-	-	1,005,520
Intergovernmental revenues	5,194,674	3,092,861	326,872	8,614,407
Charges for services	4,524,491	-	-	4,524,491
Fines and forfeitures	232,734	-	89,839	322,573
Impact fees	-	-	286,385	286,385
Contributions	698	-	-	698
Interest earnings	231,816	1,903	31,687	265,406
Administrative services	906,231	-	-	906,231
Miscellaneous revenue	272,244	-	513,988	786,232
Total revenues	<u>29,064,339</u>	<u>5,036,764</u>	<u>3,644,483</u>	<u>37,745,586</u>
<b>Expenditures</b>				
Current:				
General government	4,412,280	-	-	4,412,280
Public safety	13,385,659	-	29,491	13,415,150
Transportation	2,187,806	-	332,123	2,519,929
Physical environment	2,930,317	-	-	2,930,317
Economic environment	188,587	-	344,942	533,529
Human services	252,358	-	-	252,358
Culture/Recreation	3,217,096	-	-	3,217,096
Capital outlay	2,718,782	7,189,811	2,450,271	12,358,864
Debt service:				
Principal	-	-	85,000	85,000
Interest and fiscal charges	-	-	86,914	86,914
Total expenditures	<u>29,292,885</u>	<u>7,189,811</u>	<u>3,328,741</u>	<u>39,811,437</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(228,546)</u>	<u>(2,153,047)</u>	<u>315,742</u>	<u>(2,065,851)</u>
<b>Other financing sources (uses)</b>				
Transfers in	531,890	636,861	171,914	1,340,665
Transfers out	(1,358,838)	-	(531,890)	(1,890,728)
Total other financing sources (uses)	<u>(826,948)</u>	<u>636,861</u>	<u>(359,976)</u>	<u>(550,063)</u>
<b>Net change in fund balances</b>	<u>(1,055,494)</u>	<u>(1,516,186)</u>	<u>(44,234)</u>	<u>(2,615,914)</u>
<b>Fund balance - beginning</b>	<u>14,314,757</u>	<u>-</u>	<u>2,369,797</u>	<u>16,684,554</u>
<b>Fund balance - ending</b>	<u>\$ 13,259,263</u>	<u>\$ (1,516,186)</u>	<u>\$ 2,325,563</u>	<u>\$ 14,068,640</u>

The notes to the financial statements  
are an integral part of this statement.



**CITY OF SANFORD, FLORIDA**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**Year Ended September 30, 2003**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (2,615,914)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalized capital outlay (\$12,326,096) exceeded depreciation (\$1,822,074) in the current period.

10,504,022

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related accounts.

Bonds	\$	85,000
Compensated absences		(114,941)
Accumulated clean-up and long-term care costs		19,439

(10,502)

The net revenue of the internal service fund is reported with governmental activities.

(63,280)

Under the modified accrual basis of accounting used in the governmental funds, revenues are not recognized until funds are measurable and available to finance current expenditures. In the statement of activities, however, which is presented on the accrual basis, revenues are reported regardless of when financial resources are available. This is the additional revenue recognized under the full accrual basis.

174,449

Change in net assets of governmental activities

\$ 7,988,775

**CITY OF SANFORD, FLORIDA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2003**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 10,312,365	\$ 571,552	\$ 10,883,917	\$ 1,165,597
Accounts receivable	1,816,750	123,712	1,940,462	102
Allowance for estimated uncollectibles	(296,564)	(39,699)	(336,263)	-
Due from other governments	1,212,663	36,905	1,249,568	-
Prepaid items	-	-	-	5,948
Total current assets	13,045,214	692,470	13,737,684	1,171,647
Restricted assets				
Restricted cash and cash equivalents:				
Sinking fund	2,084,064	-	2,084,064	-
Renewal and replacement fund	200,000	-	200,000	-
Customer deposits	909,087	-	909,087	-
Utility trust impact fees	7,696,336	-	7,696,336	-
Total restricted assets	10,889,487	-	10,889,487	-
Property, plant and equipment				
Land	5,050,202	1,144,932	6,195,134	-
Buildings and improvements	4,108,060	1,161	4,109,221	-
Water and sewer system	88,269,119	-	88,269,119	-
Stormwater management system	-	8,958,277	8,958,277	-
Equipment	5,064,292	1,265,804	6,330,096	-
	102,491,673	11,370,174	113,861,847	-
Less accumulated depreciation	(18,708,839)	(3,627,648)	(22,336,487)	-
	83,782,834	7,742,526	91,525,360	-
Construction in progress	4,769,344	1,051,318	5,820,662	-
Total property, plant and equipment	88,552,178	8,793,844	97,346,022	-
Other assets				
Irrigation rights, net	1,132,200	-	1,132,200	-
Total other assets	1,132,200	-	1,132,200	-
<b>Total assets</b>	<b>\$ 113,619,079</b>	<b>\$ 9,486,314</b>	<b>\$ 123,105,393</b>	<b>\$ 1,171,647</b>

The notes to the financial statements  
are an integral part of this statement.

**CITY OF SANFORD, FLORIDA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**September 30, 2003**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Liabilities and net assets</b>				
Current liabilities				
(payable from current assets):				
Accounts payable	\$ 833,765	\$ 49,822	\$ 883,587	\$ -
Accrued liabilities	116,105	18,655	134,760	-
Accrued compensated absences	35,222	2,986	38,208	-
Deferred revenue	30,265	-	30,265	-
Due to other governments	2,479	-	2,479	-
Claims payable, current	-	-	-	44,899
Total current liabilities	<u>1,017,836</u>	<u>71,463</u>	<u>1,089,299</u>	<u>44,899</u>
Liabilities payable from restricted assets				
Accrued interest payable	202,942	-	202,942	-
Bonds payable, current	1,328,655	289,731	1,618,386	-
Notes, loan and contracts payable, current	476,123	-	476,123	-
Customer deposits	909,087	-	909,087	-
Total liabilities payable from restricted assets	<u>2,916,807</u>	<u>289,731</u>	<u>3,206,538</u>	<u>-</u>
Other liabilities				
Accrued compensated absences	208,280	23,724	232,004	-
Notes, loan and contracts payable	15,559,965	136,636	15,696,601	-
Bonds payable	23,646,035	2,207,949	25,853,984	-
Claims payable	-	-	-	1,051,338
Total other liabilities	<u>39,414,280</u>	<u>2,368,309</u>	<u>41,782,589</u>	<u>1,051,338</u>
Total liabilities	<u>43,348,923</u>	<u>2,729,503</u>	<u>46,078,426</u>	<u>1,096,237</u>
Net assets				
Invested in capital assets, net of related debt	47,541,400	6,159,528	53,700,928	-
Restricted for debt service	9,777,458	-	9,777,458	-
Unrestricted	12,951,298	597,283	13,548,581	75,410
Total net assets	<u>70,270,156</u>	<u>6,756,811</u>	<u>77,026,967</u>	<u>75,410</u>
<b>Total liabilities and net assets</b>	<u>\$ 113,619,079</u>	<u>\$ 9,486,314</u>	<u>\$ 123,105,393</u>	<u>\$ 1,171,647</u>

The notes to the financial statements  
are an integral part of this statement.

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended September 30, 2003**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Operating revenues</b>				
Charges for services	\$ 11,979,412	\$ 1,642,352	\$ 13,621,764	\$ 1,215,409
Total operating revenues	<u>11,979,412</u>	<u>1,642,352</u>	<u>13,621,764</u>	<u>1,215,409</u>
<b>Operating expenses</b>				
Personal services	3,417,586	553,495	3,971,081	-
Materials	2,483,322	204,461	2,687,783	-
Other services	1,296,115	264,699	1,560,814	2,129,843
Depreciation	1,920,872	248,705	2,169,577	-
Amortization	88,800	-	88,800	-
Total operating expenses	<u>9,206,695</u>	<u>1,271,360</u>	<u>10,478,055</u>	<u>2,129,843</u>
<b>Operating income (loss)</b>	<u>2,772,717</u>	<u>370,992</u>	<u>3,143,709</u>	<u>(914,434)</u>
<b>Nonoperating revenue (expense)</b>				
Interest income	350,878	21,861	372,739	9,642
Other income	1,034,831	91,606	1,126,437	841,512
Interest expense	(1,552,957)	(122,345)	(1,675,302)	-
Amortization of debt costs	(174,283)	(983)	(175,266)	-
Total nonoperating revenue (expense)	<u>(341,531)</u>	<u>(9,861)</u>	<u>(351,392)</u>	<u>851,154</u>
<b>Income (loss) before contributions and transfers</b>	<u>2,431,186</u>	<u>361,131</u>	<u>2,792,317</u>	<u>(63,280)</u>
Capital contributions	3,036,983	-	3,036,983	-
Transfers in	<u>-</u>	<u>550,063</u>	<u>550,063</u>	<u>-</u>
<b>Change in net assets</b>	<u>5,468,169</u>	<u>911,194</u>	<u>6,379,363</u>	<u>(63,280)</u>
<b>Total net assets - beginning</b>	<u>64,801,987</u>	<u>5,845,617</u>	<u>70,647,604</u>	<u>138,690</u>
<b>Total net assets - ending</b>	<u>\$ 70,270,156</u>	<u>\$ 6,756,811</u>	<u>\$ 77,026,967</u>	<u>\$ 75,410</u>

The notes to the financial statements  
are an integral part of this statement.

**CITY OF SANFORD, FLORIDA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2003**

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service
	Water and Sewer	Stormwater	Total Enterprise	
<b>Operating activities</b>				
Cash received from customers	\$ 11,999,369	\$ 1,643,307	\$ 13,642,676	\$ 1,215,308
Cash payments to suppliers for goods and services	(4,406,796)	(435,348)	(4,842,144)	(1,376,191)
Cash payments to employees for services	(3,418,915)	(561,178)	(3,980,093)	(866,288)
Other revenues	1,034,831	91,606	1,126,437	841,512
<b>Net cash provided by (used in) operating activities</b>	<b>5,208,489</b>	<b>738,387</b>	<b>5,946,876</b>	<b>(185,659)</b>
<b>Noncapital financing activities</b>				
Decrease in due from other governments	976,742	(36,905)	939,837	-
Operating transfers in from other funds	-	550,063	550,063	-
Increase in due to other governments	(150)	-	(150)	-
<b>Net cash provided by noncapital financing activities</b>	<b>976,592</b>	<b>513,158</b>	<b>1,489,750</b>	<b>-</b>
<b>Capital and related financing activities</b>				
Capital contributed by other governments and developers	3,036,983	-	3,036,983	-
Acquisition and construction of capital assets	(6,446,895)	(1,791,554)	(8,238,449)	-
Proceeds from notes payable and loans	901,928	136,636	1,038,564	-
Principal paid on revenue bonds	(3,179,197)	(274,752)	(3,453,949)	-
Principal paid on notes and capital lease obligation	(1,552,957)	(983)	(1,553,940)	-
Interest paid on revenue bonds, notes payable and capital lease obligations	(73,653)	(122,345)	(195,998)	-
<b>Net cash used by capital and related financing activities</b>	<b>(7,313,791)</b>	<b>(2,052,998)</b>	<b>(9,366,789)</b>	<b>-</b>
<b>Investing activities</b>				
Interest income	350,878	21,861	372,739	9,642
<b>Net cash provided by investing activities</b>	<b>350,878</b>	<b>21,861</b>	<b>372,739</b>	<b>9,642</b>
<b>Net decrease in cash and cash equivalents/investments</b>	<b>(777,832)</b>	<b>(779,592)</b>	<b>(1,557,424)</b>	<b>(176,017)</b>
<b>Cash and cash equivalents/investments</b>				
<b>Beginning of year</b>	<b>21,979,684</b>	<b>1,351,144</b>	<b>23,330,828</b>	<b>1,341,614</b>
<b>End of year</b>	<b>\$ 21,201,852</b>	<b>\$ 571,552</b>	<b>\$ 21,773,404</b>	<b>\$ 1,165,597</b>
<b>Cash and cash equivalents classified as:</b>				
Current assets	\$ 10,312,365	\$ 571,552	\$ 10,883,917	\$ 1,165,597
Restricted assets	10,889,487	-	10,889,487	-
	<b>\$ 21,201,852</b>	<b>\$ 571,552</b>	<b>\$ 21,773,404</b>	<b>\$ 1,165,597</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 2,772,717	\$ 370,992	\$ 3,143,709	\$ (914,434)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,920,872	248,705	2,169,577	-
Amortization of irrigation rights	88,800	-	88,800	-
Provision for uncollectible accounts	83,880	7,729	91,609	-
Other non-operating income	1,034,831	91,606	1,126,437	841,512
Change in assets and liabilities				
Accounts receivable	(129,129)	(6,774)	(135,903)	(102)
Prepaid expenses	-	-	-	5,948
Accounts payable	(627,359)	33,812	(593,547)	(118,583)
Accrued liabilities	(2,676)	222	(2,454)	-
Deferred revenue	(4,122)	-	(4,122)	-
Customer deposits	69,328	-	69,328	-
Compensated absences	1,347	(7,905)	(6,558)	-
Total adjustments	2,435,772	367,395	2,803,167	728,775
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 5,208,489</b>	<b>\$ 738,387</b>	<b>\$ 5,946,876</b>	<b>\$ (185,659)</b>

**CITY OF SANFORD, FLORIDA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**September 30, 2003**

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<b>Assets</b>	
Investments, at fair value:	
Money market funds	\$ 2,262,617
Equity securities, individual stocks and mutual funds	14,160,910
Mutual funds investing in corporate and U.S. Treasury bonds	12,666,180
Total investments	<u>29,089,707</u>
Due from other funds	41,166
Due from fiscal agent	768
Total assets	<u>29,131,641</u>
<b>Liabilities</b>	
Accounts payable	<u>45,910</u>
Total liabilities	<u>45,910</u>
<b>Net assets</b>	
Held in trust for pension benefits	<u><u>\$ 29,085,731</u></u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended September, 30, 2003**

**Additions**

Contributions:

Employer	\$ 1,047,258
State	396,014
Plan members and others	401,028
Total contributions	<u>1,844,300</u>

Investment earnings:

Net increase in fair value of investments	2,549,571
Dividends	205,379
Interest	285,145
Total investment earnings	<u>3,040,095</u>

Less investment expenses	<u>136,889</u>
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Net investment earnings	2,903,206
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Miscellaneous income	<u>15,736</u>
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Total additions	<u>4,763,242</u>
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**Deductions**

Benefits	1,780,194
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Refunds of contributions	78,596
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Other services and charges	48,929
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Total deductions	<u>1,907,719</u>
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Change in net assets	2,855,523
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Total net assets - beginning	<u>26,230,208</u>
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Total net assets - ending	<u><u>\$ 29,085,731</u></u>
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The notes to the financial statements  
are an integral part of this statement.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies**

The City of Sanford, Florida (the "City") is a political subdivision of the State of Florida located in Seminole County. The legislative branch of the City is composed of a five-member elected Commission, including a citywide elected Mayor. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments as established by the Governmental Accounting Standards Board. The following is a summary of the more significant policies.

**A. Reporting Entity**

The concept underlying the definition of the reporting entity is that elected officials are accountable to their constituents for their actions. The reporting entity's financial statements should allow users to distinguish between the primary government (the City) and its component units. However, some component units, because of the closeness of their relationships with the City, should be blended as if they were part of the City. Otherwise, most component units should be discretely presented. To accomplish this goal, the City's financial statements present the fund types of the City, including a component unit that has been blended, and provides an overview of the discretely presented component units in separate columns.

As required by accounting principles generally accepted in the United States of America, the financial reporting entity consists of (1) the primary government, (2) organizations for which the City is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable if an organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government, or (c) a jointly appointed board. Based on these criteria, City management examined all organizations that were legally separate in order to determine which organizations, if any, should be included in the City's financial statements. Management determined that the City of Sanford Finance Corporation, the Sanford Airport Authority, and the City of Sanford Community Redevelopment Agency are the only organizations that should be included in the City's financial statements as component units. If no separate note reference is made, the user should assume that information presented is equally applicable to both the primary government and the discretely presented component units.



**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Based upon a review of these criteria, the following is a brief review of units addressed in defining the City's reporting entity:

(1) Blended Component Unit

City of Sanford Finance Corporation - The City of Sanford Finance Corporation (the "Corporation") was established under Resolution No. 1568 of the City Commission as a not-for-profit corporation incorporated in 1989 under the provisions of the not-for-profit corporation law of the State of Florida. The City Commission and Mayor comprise the Board of Directors. The transactions of the Corporation are accounted for within the City's applicable fund types.

(2) Discretely Presented Component Units

The Sanford Airport Authority - The Sanford Airport Authority (the "Airport Authority") was established under Florida Statutes Chapter 71-924 and Resolution No. 1315 of the City Commission. The City Commission appoints all members of the Board of Directors of the Airport Authority and approves the Airport Authority's annual operating budget, as well as any budget adjustments or amendments. Separate financial statements of the Airport Authority can be obtained from the Airport Authority.

The City of Sanford Community Redevelopment Agency - The City of Sanford Community Redevelopment Agency (the "Sanford CRA") pursuant to Section 163.356, Florida Statutes was established by City Ordinance No. 3282 and County Ordinance No. 95-R-246. The Sanford CRA was established to enhance selected areas of the City. The Seminole Towne Center and Lake Monroe Waterfront and Downtown Sanford Community Redevelopment areas are the currently active projects undertaken by the City. The Sanford CRA district known as Seminole Towne Center was established in 1993 with the City Commission as the agency. In 1996 the Lake Monroe Waterfront and Downtown District was expanded by interlocal agreement with Seminole County. Currently, the City and Seminole County provide tax increment revenue to the Sanford CRA. Taxes are to be used for payment of infrastructure improvement projects and debt service on loans.

The Sanford CRA is comprised of a five-member board. Three members are nominated and appointed by the City Commission, and two members are nominated by the Board of County Commissioners of Seminole County and appointed by the City Commission. The Sanford CRA's financial records were presented as a discrete component unit of the City. Financial records are maintained by the City. No separate financial statements are prepared for the Sanford CRA.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**B. Fund Accounting**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Property taxes, franchise fees, licenses, and interest allocated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

The *capital projects fund - riverwalk* is used to account for financial resources earmarked for the construction of the Lake Monroe Riverwalk.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund, of the stormwater enterprise fund, and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The government reports the following major proprietary funds:

The *water and sewer fund* accounts for the fiscal activities of the City's water and sewer treatment and distribution operations, as well as funding and payment of related debt.

The *stormwater fund* accounts for the operation of the City's Stormwater management utility.

Additionally, the government reports the following funds:

*Component Unit - Sanford CRA* is used to account for financial resources of the Seminole Towne Center Bond Trust Fund and the Lake Monroe Waterfront and Downtown Sanford Community Redevelopment Trust Fund. Fixed assets are constructed with the proceeds, and are donated to the primary government. This component unit is presented as a discrete component unit in the accompanying financial statements and is accounted for on the modified accrual basis of accounting.

The *Internal Service Fund* is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City has one (1) Internal Service Fund used to account for the City's risk management activities. This fund is accounted for on the accrual basis of accounting.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

*Component Unit - Airport Authority* is used to account for the related discretely presented component unit activity. This component unit is accounted for on the accrual basis of accounting.

Pension Trust Funds are used to account for assets held by the City in a trustee capacity. The City has two (2) pension trust funds: the *Police Officers' Retirement System Fund* and the *Firefighters' Retirement System Fund*. These funds are accounted for on the accrual basis of accounting.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer and stormwater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. New accounting pronouncements**

The City implemented the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and related GASB pronouncements, during the 2003 fiscal year. GASB Statement No. 34 creates new basic financial statements for reporting the City's financial activities. In addition to fund-basis financial statements, the financial statements now include government-wide financial statements prepared on the accrual basis of accounting.

The beginning net asset amount for governmental activities reflects the following changes required by GASB Statement No. 34:

Fund Balances - Governmental Funds, September 30, 2002	\$ 16,684,554
Capital Assets	20,352,193
Long-term Liabilities	(4,001,469)
Internal Service Fund	138,690
Net Assets - Governmental Activities, October 1, 2002	<u><u>\$ 33,173,968</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. GASB Statement No. 20 Election**

Pursuant to the election option made available by the Governmental Auditing Standards Board (GASB) Statement No. 20, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989 are not applied in the preparation of the financial statements of the City's business-type activities and enterprise funds.

**F. Cash and Cash Equivalents**

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three (3) months or less when purchased are considered to be cash equivalents.

**G. Receivables**

- (1) Property Taxes Receivable - Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws of the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate up to ten (10) mills. The millage rate assessed by the City for the fiscal year ended September 30, 2003 was 6.5 mills.

All real and tangible personal property taxes are due and payable on November 1 of each year, or as soon thereafter as the assessment roll is certified by the Seminole County Property Appraiser (levy date). Seminole County mails to each property owner on the assessment roll a notice of the taxes due. The County also collects the taxes for the City. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent on April 1 of the year following the year in which taxes were assessed.

Prior to May 1 of each year, immediately following the year of assessment, the county advertises a list of delinquent personal property taxpayers. Warrants are issued directing seizure and sale of the personal property of the taxpayer if the delinquent personal property taxes are not paid. On or before June 1 (lien date) of the year following the year in which taxes were assessed, tax certificates are sold on all real estate parcels with outstanding real property taxes. These parcels are advertised once a week for four (4) weeks prior to the tax certificate sale.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

City property tax revenues are recognized when levied to the extent that they result in current receivables. If material, delinquent taxes receivable that are measurable, but not available as of the end of the fiscal year, are reflected as deferred revenues. The deferred revenues are recognized as revenue in the fiscal year they become measurable and available as net current assets.

- (2) Accounts Receivable - The Water and Sewer Fund and Stormwater operating revenues are generally recognized on the basis of cycle billings rendered monthly. Revenues for services delivered during the last month of the applicable reporting period for meters that have not been read are accrued based on meter readings for the applicable consumption taken at the beginning of the succeeding month. Stormwater Fund billings are rendered monthly for the month's services.

**H. Inventories**

All inventories are stated at cost on the basis of the "first-in, first-out" method of accounting. The effect of this method is to flow costs through operations in the order in which they are purchased and to assign a balance sheet cost that reflects current replacement values.

Inventories for the General Fund consist of expendable supplies held for consumption. This cost is recorded as an expenditure at the time inventory items are used (consumption method). Reported inventories are equally offset by a Fund balance reserve that indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

**I. Capital Assets**

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Constructed or purchased assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at the estimated fair market value on the date of donation. Infrastructure assets associated with governmental activities (drainage systems, and road and highway systems) acquired or constructed prior to October 1, 2002 are not yet reported. The threshold for capitalization of assets is \$1,000. Costs of maintenance and repairs that do not add to the value of assets or extend their useful lives are not capitalized.

The estimated useful lives of the various classes of depreciable assets are as follows:

<b>Assets</b>	<b>Years</b>
Buildings	30 - 60
Improvements other than buildings	30 - 60
Water and Sewer System	60
Stormwater Management System	40
Equipment	5 - 20
Airport Authority streets	20 - 40



**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Gains or losses on disposal of fixed assets are included in income in the period of disposal.

**J. Irrigation Right**

The City entered into an interlocal agreement with another city to facilitate disposal of reclaimed water by spraying irrigation. The City paid a proprietary fee of \$2,220,000 for irrigation rights to utilize the other city's irrigation facility. The irrigation rights are for a period of twenty-five (25) years, beginning July 1, 1991. The irrigation rights are being amortized on a straight-line basis over the life of the rights. Accumulated amortization at September 30, 2003 and amortization expense for the fiscal year ended September 30, 2003 are \$1,132,200 and \$88,000, respectively.

**K. Compensated Absences**

It is the City's policy to grant all permanent full-time and part-time employees annual leave based upon the number of years of employment with the City. Employees are encouraged to use annual leave in the year it is earned. Employees accrue annual leave at a rate of ten (10) days per year for the first ten (10) years of service and at a rate of fifteen (15) days per year after ten (10) years of service. Upon termination in good standing or retirement, employees are paid for accrued annual leave up to a maximum of 22.5 days. Public Safety employees accrue sick and annual leave on a pro-rata basis, using 2080 annual hours as the base. Sick leave is accumulated at a rate of 1.25 workdays per month. Employees may accrue sick time benefits with no restriction as to maximum amount. Comp time is accumulated and accrued subject to several limitations and qualifications. Upon termination in good standing, an employee is entitled to a cash benefit of one-eighth of accrued sick leave. Upon retirement, an employee is entitled to a cash benefit of 100% of accrued sick leave. Both cash benefits are subject to the limits of the maximum accumulated sick leave of thirty (30) days for up to five (5) years service, sixty (60) days for five to ten (5 - 10) years service, or ninety (90) days over ten (10) years service.

The City records compensated absences in the Governmental Fund Types as an expenditure for the amount accrued during the year that would normally be liquidated with expendable, available financial resources. Proprietary Fund Types and the government-wide financial statements accrue compensated absences in the period they are earned.

**L. Unamortized Bond Issuance Costs**

Bond issuance costs for the Water and Sewer Revenue Bonds and Stormwater Revenue Bonds are being amortized over the life of the bonds, using straight-line amortization. For financial reporting, unamortized bond issuance costs are netted against applicable long-term debt.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**M. Unamortized Bond Discounts**

Bond discounts associated with the issuance of Water and Sewer Revenue Bonds are amortized over the life of the bonds, using the interest method of amortization. For financial reporting, unamortized bond discount is netted against applicable long-term debt.

**N. Deferred Revenues**

Deferred revenues reported on applicable Governmental Fund Types represent unearned revenues or revenues which are measurable but not available. The deferred revenues will be recognized as revenue in the fiscal year they are earned or become available. The Proprietary Fund Types reported deferred revenue represents advance collection of funds for services to be provided in future reporting periods.

**O. Budgets and Budgetary Accounting**

The following procedures are used to establish the budgetary data reflected in the financial statements:

- (1) On or before July 1 of each year, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following October 1.
- (2) Public hearings are conducted to obtain taxpayer comments.
- (3) Prior to October 1, the budget is legally enacted through passage of a resolution.
- (4) Formal budgetary integration is employed as a management control device during the year for all funds which have a legally adopted budget, including the General Fund, Police Education Fund, Law Enforcement Trust Fund, Local Option Gas Tax Fund, Recreation Facilities Impact Fees Fund, Fire Public Safety Facilities Impact Fees, Police Public Safety Facilities Impact Fees, Debt Service Fund, Water and Sewer Fund, and Stormwater Fund.
- (5) Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- (6) The City Manager is authorized by the Commission to transfer budgeted funds within and/or between departments. At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation among programs within and/or between departments. The classification detail at which expenditures may not legally exceed appropriations is at the fund level.
- (7) Every appropriation and encumbrance, except an appropriation and/or encumbrance for a specified major capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

- (8) Supplemental appropriations beyond those for which the City Manager is authorized must be approved by the commission. There were a number of such supplemental appropriations made during the fiscal year.

**P. Capitalization of Interest**

In accordance with the Statements of Financial Accounting Standards (SFAS) 34 and 62, the City has adopted the policy of capitalizing interest costs during the period of project construction. During 2003, interest capitalized by the City's Water and Sewer Enterprise Fund and Stormwater Enterprise Fund were \$36,477 and \$819, respectively, and total interest costs were \$1,589,416 and \$123,164, respectively.

**Q. Postemployment Benefits**

The City pays health and life insurance of retirees if they meet certain eligibility requirements. The City records the cost of this plan on a "pay-as-you-go" basis. This results in current insurance payments being recorded as expenditures or expenses in the financial statements in the period the insurance is paid. It is the City's policy to pay these premiums on a monthly basis in the period the insurance services were provided.

**Note 2 - Cash and Investments**

The City maintains cash and investment pools that are available for use by all funds except those whose cash and investments must be segregated due to bond covenants or other legal restrictions and the Pension Trust Funds.

**Deposits** – Demand deposits are issued by the FDIC up to \$100,000, amounts in excess of \$100,000 are secured by the Public Deposits Trust Fund maintained by the Treasurer of the State of Florida. The Trust Fund is a multiple financial institution pool with the ability to assess its members' financial institutions for collateral shortfalls if a member fails. For this reason, deposits are considered substantially insured.

**Investments** - The City Charter, Florida Statutes and bond resolutions authorize the City to invest in direct obligations of the United States of America, obligations of federal agencies and instrumentalities of the United States of America, certificates of deposit, money market mutual funds, and the Florida State Board of Administration's (SBA) Local Government Surplus Funds Trust Fund. The SBA is not a registrant, nor regulated by, the Securities and Exchange Commission (SEC) or any other regulatory agency; however, the SBA has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the pool is equal to the value of the pool shares. Such investments are stated at amortized cost, which approximates fair value. Investments other than the Local Government Surplus Funds Trust Fund are stated at fair value. During the current fiscal year, the City's investments were limited to, the Local Government Surplus Funds Trust Fund and money market mutual funds. The City's investments are not subject to risk categorization since such investments are not evidenced by securities that exist in physical or bank entry form.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 2 - Cash and Investments (Continued)**

Cash and cash equivalents and investments of the Pension Trust Funds are held separately from those of other City Funds. In accordance with GASB Statement 25, related to pension reporting, the Pension Trust Fund investments are stated at fair value. The investment portfolios for these funds at September 30, 2003 and for the year then ended include mutual funds investing in corporate and U.S. Treasury obligations and corporate stocks, which are not subject to risk categorization since such investments are not evidenced by securities that exist in physical or bank entry form.

The Component Unit - Sanford CRA invests solely in the Local Government Surplus Funds Trust Fund, which is not subject to risk categorization. The component unit utilizes the City's investment policies and strategies.

The following is a summary of the City's cash and investments:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<b>Primary Government</b>		
Pension Funds:		
Money Market Mutual funds	\$ 2,262,617	\$ 2,262,617
Mutual funds investing in common stocks and mutual funds	14,160,910	14,160,910
Mutual fund investing in corporate and U.S. treasury bonds	<u>12,666,180</u>	<u>12,666,180</u>
Total pension funds	29,089,707	29,089,707
Local Government Surplus Funds Trust Fund	33,339,841	33,339,841
Demand Deposits	<u>1,813,687</u>	<u>1,813,687</u>
<b>Total Primary Government</b>	<u>64,243,235</u>	<u>64,243,235</u>
<b>Component Unit - Airport Authority</b>		
Local Government Surplus Funds Trust Fund	2,236,710	2,236,710
Demand Deposits	<u>3,613,742</u>	<u>3,613,742</u>
<b>Total Component Unit - Airport Authority</b>	<u>5,850,452</u>	<u>5,850,452</u>
<b>Component Unit - Sanford CRA</b>		
Local Government Surplus Funds Trust Fund	<u>775,338</u>	<u>775,338</u>
<b>Total Component Unit - Sanford CRA</b>	<u>775,338</u>	<u>775,338</u>
	<u>\$ 70,869,025</u>	<u>\$ 70,869,025</u>
Classified as:		
Cash and cash equivalents	\$ 25,620,401	\$ 25,620,401
Investments	30,543,276	30,543,276
Restricted cash and cash equivalents	<u>14,705,348</u>	<u>14,705,348</u>
	<u>\$ 70,869,025</u>	<u>\$ 70,869,025</u>

The types of deposits and investments and their level of risk exposure as of September 30, 2003 were typical of these items during the fiscal year then ended.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 3 - Restricted Cash and Cash Equivalents and Investments**

Certain funds have cash and cash equivalents that are restricted either by bond resolutions, ordinances or governmental regulations. The following is a summary of restricted cash and cash equivalent accounts as of September 30, 2003:

	<b>Primary Government</b>		<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Airport Authority</b>
Sinking Fund	\$ -	\$ 2,084,064	\$ -
Renewal and Replacement Fund	-	200,000	-
Customer Deposits	70,515	909,087	-
Utility Trust Impact Fees	-	7,696,336	-
Escrow Account	220,307	-	3,503,449
Airport Memorial Fund	-	-	21,590
	<u>\$ 290,822</u>	<u>\$ 10,889,487</u>	<u>\$ 3,525,039</u>

**Note 4 - Receivables**

The following is a detailed listing of receivables by type and fund at September 30, 2003:

	<b>Primary Government</b>		<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Airport Authority</b>
<b>Receivables</b>			
Accounts Billed	\$ 227,790	\$ 758,363	\$ 385,809
Unbilled Receivables	274,277	939,992	-
Other Miscellaneous	3,296,272	242,107	-
Gross Receivables	<u>3,798,339</u>	<u>1,940,462</u>	<u>385,809</u>
Less: Allowance for Uncollectibles	3,056,740	336,263	14,638
<b>Net Total Receivables</b>	<u>\$ 741,599</u>	<u>\$ 1,604,199</u>	<u>\$ 371,171</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 5 - Capital Assets**

**A. Changes in Capital Assets**

During the year ended September 30, 2003, the following changes in capital assets occurred:

	Balance October 1, 2002	Additions	Reductions	Balance September 30, 2003
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,573,955	\$ -	\$ -	\$ 1,573,955
Construction in progress	-	9,621,515	-	9,621,515
Total capital assets, not being depreciated	<u>1,573,955</u>	<u>9,621,515</u>	<u>-</u>	<u>11,195,470</u>
Capital assets, being depreciated:				
Buildings and improvements	19,215,000	2,057,077	-	21,272,077
Equipment	<u>14,334,932</u>	<u>647,504</u>	<u>(217,088)</u>	<u>14,765,348</u>
Total capital assets, being depreciated	<u>33,549,932</u>	<u>2,704,581</u>	<u>(217,088)</u>	<u>36,037,425</u>
Less accumulated depreciation for:				
Buildings and improvements	5,007,908	609,450	-	5,617,358
Equipment	<u>9,763,786</u>	<u>1,212,624</u>	<u>(217,088)</u>	<u>10,759,322</u>
Total accumulated depreciation	<u>14,771,694</u>	<u>1,822,074</u>	<u>(217,088)</u>	<u>16,376,680</u>
Total capital assets, being depreciated, net	<u>18,778,238</u>	<u>882,507</u>	<u>-</u>	<u>19,660,745</u>
Governmental activities capital assets, net	<u>\$ 20,352,193</u>	<u>\$ 10,504,022</u>	<u>\$ -</u>	<u>\$ 30,856,215</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 6,058,633	\$ 155,294	\$ (18,793)	\$ 6,195,134
Construction in progress	<u>8,536,675</u>	<u>3,318,592</u>	<u>(6,034,605)</u>	<u>5,820,662</u>
Total capital assets, not being depreciated	<u>14,595,308</u>	<u>3,473,886</u>	<u>(6,053,398)</u>	<u>12,015,796</u>
Capital assets, being depreciated:				
Buildings and improvements	282,018	3,827,203	-	4,109,221
Water and sewer system	82,420,293	5,848,826	-	88,269,119
Stormwater management	8,185,018	773,259	-	8,958,277
Equipment	<u>6,098,248</u>	<u>375,253</u>	<u>(143,405)</u>	<u>6,330,096</u>
Total capital assets, being depreciated	<u>96,985,577</u>	<u>10,824,541</u>	<u>(143,405)</u>	<u>107,666,713</u>
Less accumulated depreciation for:				
Buildings	92,677	53,369	-	146,046
Water & Sewer	14,292,286	1,455,299	-	15,747,585
Stormwater	2,473,239	159,234	-	2,632,473
Equipment	<u>3,445,534</u>	<u>501,675</u>	<u>(136,826)</u>	<u>3,810,383</u>
Total accumulated depreciation	<u>20,303,736</u>	<u>2,169,577</u>	<u>(136,826)</u>	<u>22,336,487</u>
Total capital assets, being depreciated, net	<u>76,681,841</u>	<u>8,654,964</u>	<u>(6,579)</u>	<u>85,330,226</u>
Business-type activities capital assets, net	<u>\$ 91,277,149</u>	<u>\$ 12,128,850</u>	<u>\$ (6,059,977)</u>	<u>\$ 97,346,022</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 5 - Capital Assets (Continued)**

**B. Depreciation Expense Allocation**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 60,128
Public safety	798,068
Physical environment	3,644
Transportation	417,255
Economic environment	10,933
Human services	1,822
Culture and recreation	<u>530,224</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 1,822,074</u></u>
 Business-type activities:	
Water and Sewer	1,920,872
Stormwater	<u>248,705</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 2,169,577</u></u>

**Note 6 - Operating Lease**

**A. Long-Term Ground Lease**

The City is the lessor on numerous building and land leases. The land leases are generally non-cancelable leases ranging from ten to seventy-five (10 - 75) years. The land lease rental income, which comprises the largest amount of rental income for the City, is based on gross revenue of the leases. The building leases are low rent agreements, usually with non-profit agencies offering public services. In fiscal year 2003, the total lease rental income received in the General Fund and the Enterprise Funds was \$113,907 and \$58,912, respectively.

**B. Long-Term Airport Lease**

In August 1996, the City entered into a lease agreement with the Sanford Airport Authority (lessee) for the control and operations of the Airport. No payments are required to be made under the terms of the lease. The City grants the lessee the exclusive right and jurisdiction to occupy, operate, control, maintain and use the airport for a term of thirty-five (35) years.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 6 - Operating Lease (Continued)**

**C. Airport Authority Operating Leases**

The Component Unit - Airport Authority is the lessor on numerous building, office and land leases. The T-hanger and some office facility leases are primarily month-to-month cancelable leases. The building and land leases are generally non-cancelable leases with terms ranging from one to thirty (1 - 30) years. The following is a schedule of minimum future rentals on non-cancelable operating leases:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2004	\$ 2,099,369
2005	1,558,792
2006	1,411,131
2007	1,374,257
2008	1,298,439
Thereafter	<u>9,796,278</u>
	<u><u>\$ 17,538,266</u></u>

The following is a schedule of property under operating leases at September 30, 2003:

Land	\$ 1,854,595
Buildings and Improvements	<u>20,008,216</u>
	21,862,811
Less Accumulated Depreciation	<u>(14,894,651)</u>
	<u><u>\$ 6,968,160</u></u>

Total income on non-cancelable leases for the year ended September 30, 2003 was \$2,952,078.

**Note 7 - Enterprise Fund Bonds Payable**

**A. Defeasance of Debt**

Refunding provides for an irrevocable deposit with an escrow agent (a third party banking institution) of sufficient funds to pay the principal and interest, when due, on the refunded bonds to the earliest call date. The City has the following bond issues outstanding that have been refunded:



**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 7 - Enterprise Fund Bonds Payable**

<u>Type</u>	<u>Series</u>	<u>Date Refunded</u>	<u>Outstanding as of Refunding</u>	<u>Outstanding as of September 30, 2003</u>
Water and Sewer	1986	November, 1993	\$ 12,635,000	\$ 12,155,000
Revenue Bonds	1989	November, 1993	\$ 4,180,000	\$ 3,280,000
	1991	November, 1993	\$ 11,905,000	\$ 11,510,000
	1992	September, 2003	\$ 6,845,000	\$ 6,845,000
	1993	September, 2003	\$ 8,575,000	\$ 8,575,000

**B. Water and Sewer Fund Revenue Bonds**

On September 25, 2003, the City issued Water and Sewer Refunding Revenue Bonds, Series 2003 in the amount of \$12,450,000 for the purpose of refunding all of the City's outstanding Water and Sewer Revenue Bonds, Series 1992, and a portion of the City's outstanding Water and Sewer Revenue Bonds, Series 1993, and financing costs of issuance of the Series 2003 Bonds. The current refunding transaction resulted in a cash flow savings over the next 11 years of \$4,601,929, and a net present value debt service savings of \$1,341,742, discounted at 3.65%.

- (1) Pledge of Revenues - The Series 1993 and 2003 Bonds are payable solely from and collateralized by the net revenues derived from the:
  - a. Operations of the System.
  - b. Water and Sewer System Development Charges - The growth fees and charges levied upon and collected from property owners when they first connect to the Water and Sewer System and until released as provided for in the bond resolution.
- (2) Establishment of Various Accounts - The Water and Sewer Bond Resolution provides for the creation and establishment of the following funds and accounts:
  - a. Revenue Account - to deposit all gross revenues and provide for payment of costs of operation and maintenance of the System.
  - b. Bond Sinking Fund:
    - Interest Account - to deposit monthly from Revenue Account one-sixth (1/6) of all interest coming due on the next interest payment date.
    - Principal Account - to deposit monthly from Revenue Account one-twelfth (1/12) of the principal amount which will become due on such annual maturity date.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 7 - Enterprise Fund Bonds Payable (Continued)**

c. Renewal, Replacement and Improvement Account - to deposit monthly from the Revenue Account an amount equal to one-twelfth (1/12) of five percent (5%) of the gross revenues received during the immediately preceding fiscal year until the amounts on deposit equals or exceeds \$200,000.

- (3) Rate Covenants - The City has covenanted that it will collect rates and charges sufficient to cover either of two debt service coverage options. One debt service coverage option is for revenues, including all earnings and connection fees, to cover the costs of operation and maintenance, exclusive of depreciation, plus 110% of the bond service requirement. The second option is to achieve 105% of the bond debt service requirement, under the prior calculation, plus have sufficient revenues and water and sewer development charges to achieve 120% of the bond debt service requirement
- (4) Bonds Issued - At September 30, 2003, Water and Sewer Fund revenue bonds outstanding consisted of the following:

<u>Description</u>	<u>Rates</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at September 30, 2003</u>
Water and Sewer Refunding Revenue Bonds, Series 1993:				
Term Bonds	4.75%	10/01/2018	\$ 7,725,000	\$ 7,725,000
Term Bonds	4.50%	10/01/2021	6,785,000	6,785,000
			<u>\$ 14,510,000</u>	<u>14,510,000</u>
Water and Sewer Refunding Revenue Bonds, Series 2003:				
Serial Bonds	2.00% - 4.00%	10/01/2004 10/01/2014	\$ 12,450,000	12,450,000
			<u>\$ 12,450,000</u>	<u>12,450,000</u>
Net Bonds Payable				26,960,000
Plus: Unamortized Premium on Series 2003				82,997
Less: Unamortized Discount on Series 1993				(462,198)
Less: Unamortized Bond Costs				(460,045)
Less: Deferred Loss on Refinancing				<u>(1,146,064)</u>
Bonds Payable				<u>\$ 24,974,690</u>
Current Portion				\$ 1,328,655
Long-term Portion				23,646,035
Bonds Payable				<u>\$ 24,974,690</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 7 - Enterprise Fund Bonds Payable (Continued)**

**C. Water and Sewer Fund Annual Debt Service Requirements**

The following is a schedule of annual debt service requirements to maturity for the Water and Sewer Fund Bonds:

<b>Bond Year Ending</b>	<b>Water and Sewer Revenue Bonds, Series 1993</b>		<b>Water and Sewer Revenue Bonds, Series 2003</b>		<b>Total Debt Service</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2004	\$ -	\$ -	\$ 920,000	\$ 408,655	\$ 1,328,655
2005	-	-	970,000	358,820	1,328,820
2006	-	-	990,000	339,420	1,329,420
2007	-	-	1,010,000	319,620	1,329,620
2008	-	-	1,030,000	296,895	1,326,895
2009-2013	-	-	6,060,000	971,365	7,031,365
2014-2018	7,725,000	2,160,138	1,470,000	55,125	11,410,263
2019-2021	6,785,000	619,425	-	-	7,404,425
	<u>\$ 14,510,000</u>	<u>\$ 2,779,563</u>	<u>\$ 12,450,000</u>	<u>\$ 2,749,900</u>	<u>\$ 32,489,463</u>

**D. Stormwater System Fund Revenue Bonds**

- (1) Bonds Issued - During the year ended September 30, 1999, the City authorized the issuance of Stormwater System Revenue Bonds, Series 1999, not to exceed \$4,200,000. The bonds bear interest at 4.45% and mature on September 30, 2013 if the City draws the remaining balance. As of September 30, 2003, the City has received \$3,653,500 and has an outstanding balance of \$2,497,680.

Bonds Payable	\$ 2,505,652
Less: Unamortized issue costs	(7,972)
Net Bonds Payable	<u>\$ 2,497,680</u>

Current Portion	\$ 289,731
Long-term Portion	2,207,949
Net Bonds Payable	<u>\$ 2,497,680</u>

- (2) Pledge of Revenues - The series 1999 Bonds are payable solely from and collateralized by the net revenues of the Stormwater System.
- (3) Establishment of Various Accounts - The Stormwater System Revenue Bond Resolution provides for the creation and establishment of the following funds and accounts upon completion of construction of system:

- a. Revenue Account - to deposit all gross revenues of the system.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 7 - Enterprise Fund Bonds Payable (Continued)**

- b. Operations and Maintenance Account - to receive deposits from the revenue account sufficient to pay the operating expenses of the system for the current month.
  - c. Sinking Fund Account - to receive deposits from the revenue account equal to one-sixth (1/6) of the interest due on the next interest payment date and one-twelfth (1/12) of the principal due on the next principal payment date.
- (4) Annual Debt Service Requirements - The following is a schedule of the annual debt service requirements to maturity for the Stormwater System Fund Bonds:

<b>Bond Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	\$ 289,731	\$ 108,157	\$ 397,888
2005	302,768	95,120	397,888
2006	316,391	81,497	397,888
2007	330,627	67,261	397,888
2008	345,504	52,384	397,888
2009-2011	920,631	61,408	982,039
	<u>\$ 2,505,652</u>	<u>\$ 465,827</u>	<u>\$ 2,971,479</u>

**Note 8 - Notes Payable - Enterprise Funds and Component Unit - Airport Authority**

**A. Enterprise Funds Notes Payable**

Enterprise Funds notes payable at September 30, 2003 are as follows:

Primary Government: Stormwater:

State Revolving Fund loan SWG12058624P payable, \$790,268 authorized to be drawn for planning and design for downtown drainage study, payable in forty equal semiannual installments including interest at 1.40% on March 31 and September 31 of each year.	\$ 151,789
Less: Unamortized loan costs	<u>(15,153)</u>
Loans Payable	<u>\$ 136,636</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 8 - Notes Payable - Enterprise Funds and Component Unit - Airport Authority**  
**(Continued)**

Primary Government: Water & Sewer:

State Revolving Fund loan CS120586150 payable, \$1,766,231 authorized, \$1,712,730 drawn for construction of a master pumping station at the wastewater treatment plant, payable in 18 equal annual installments including interest at 4.02% on October 1 of each year. (The payment due October 1, 2003 was made prior to October 1, 2003.)

\$ 735,597

State Revolving Fund loan CS120586170 payable, \$5,237,183 authorized to be drawn for construction of wastewater system facilities, payable in twenty equal annual installments including interest at 3.75% on \$4,411,680 and 2.89% on \$825,497 on December 31 of each year.

3,312,414

State Revolving Fund loan CS120586190 payable, \$500,166 authorized to be drawn for construction of wastewater pollution control facilities, payable in forty equal semi-annual installments including interest at 2.43% on February 1 and August 1 of each year.

292,448

State Revolving Fund loan CS120586210 payable, \$1,565,000 authorized to be drawn for construction of the Westerly Interceptor Project, payable in forty equal semi-annual installments including interest at 2.89% on February 1 and August 1 of each year.

881,399

State Revolving Fund loan CS120586220 payable, \$18,170,000 authorized to be drawn for collection, transmission and treatment facilities. As of September 30, 2002 \$5,367,431 has been drawn. The loan will be repaid in forty equal semi-annual installments, of \$671,172 including interest at an average rate of 1.69%, once the entire proceeds have been drawn.

5,603,891

State Revolving Fund loan DW5906010 payable \$8,069,030 authorized to be drawn for drinking water extension. As of September 30, 2002, \$4,084,783 has been drawn. The loan will be repaid in forty equal semi-annual installments of \$303,459 including interest at an average rate of 3.55% once the entire proceeds have been drawn.

5,654,025  
16,479,774

Less unamortized loan costs

(443,686)  
16,036,088

Less current portion

(476,123)

Loans Payable

\$ 15,559,965

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 8 - Notes Payable - Enterprise Funds and Component Unit - Airport Authority**  
**(Continued)**

Required principal and interest deposits for State Revolving Fund loans are presented as part of sinking funds on the statement of net assets. State Revolving Fund Loan payments for the first years are based upon the full loan amount available, not the monies actually drawn to date. After completion of the project, a final loan dollar amount is established and a final loan payment/amortization schedule is established. Maturity schedules for those loans which have final loan payment/amortization schedules are as follows:

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan CS120586150</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	\$ 93,088	\$ 29,575	\$ 122,663
2005	96,831	25,832	122,663
2006	100,723	21,940	122,663
2007	104,772	17,891	122,663
2008	108,984	13,679	122,663
2009 - 2010	231,199	14,038	245,237
	<u>\$ 735,597</u>	<u>\$ 122,955</u>	<u>\$ 858,552</u>

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan CS120586170</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	\$ 281,067	\$ 119,269	\$ 400,336
2005	291,175	109,161	400,336
2006	301,650	98,686	400,336
2007	312,504	87,833	400,337
2008	335,406	64,930	400,336
2009 - 2012	1,790,612	211,071	2,001,683
	<u>\$ 3,312,414</u>	<u>\$ 690,950</u>	<u>\$ 4,003,364</u>

<b>Fiscal Year Ending September 30,</b>	<b>State Revolving Fund Loan CS120586190</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2004	\$ 24,767	\$ 6,957	\$ 31,724
2005	25,373	6,351	31,724
2006	25,993	5,731	31,724
2007	26,629	5,095	31,724
2008	27,279	4,445	31,724
2009 - 2013	146,735	11,978	158,713
2014	15,672	190	15,862
	<u>\$ 292,448</u>	<u>\$ 40,747</u>	<u>\$ 333,195</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 8 - Notes Payable - Enterprise Funds and Component Unit - Airport Authority**  
**(Continued)**

Fiscal Year Ending September 30,	State Revolving Fund Loan CS120586210		
	Principal	Interest	Total
2004	\$ 77,201	\$ 24,918	\$ 102,119
2005	79,448	22,671	102,119
2006	81,761	20,359	102,120
2007	84,141	17,979	102,120
2008	86,590	15,529	102,119
2009 - 2013	472,258	38,340	510,598
	<u>\$ 881,399</u>	<u>\$ 139,796</u>	<u>\$ 1,021,195</u>

**B. Discretely Presented Component Unit - Airport Authority Notes Payable**

Airport Authority notes payable at September 30, 2003 are as follows:

Note payable to bank, due in monthly principal and interest payments at 4.62%, collateralized by pledged revenues, due September 1, 2023.	\$ 3,500,000
Note payable to bank, due in quarterly principal and interest payments at 6.98%, collateralized by pledged revenues, due June 15, 2006.	3,477,964
Note payable to State of Florida, Department of Transportation, no interest, due September 2, 2008, unsecured.	1,500,000
Note payable to State of Florida, Department of Transportation, no interest, due March 4, 2008, unsecured.	3,000,000
Note payable to State of Florida, Department of Transportation, no interest, due September 18, 2008, unsecured.	2,500,000
Note payable to State of Florida, Department of Transportation, no interest, due September 2, 2009, unsecured.	6,000,000
Note payable to State of Florida, Department of Transportation, no interest, due December 15, 2011, unsecured.	266,490
Note payable to State of Florida, Department of Transportation, no interest, due January 15, 2012, unsecured.	250,000
	<u>20,494,454</u>
Less current portion	<u>(283,955)</u>
<b>Total Airport Authority notes payable</b>	<u><u>\$ 20,210,499</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 8 - Notes Payable - Enterprise Funds and Component Unit - Airport Authority**  
**(Continued)**

Changes in Airport Authority long-term debt for the year ended September 30, 2003 is as follows:

	<u>Balance October 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2003</u>	<u>Due Within One Year</u>
<b>Notes Payable:</b>					
Revenue Note, Series 2001A	\$ 3,642,134	\$ -	\$ 164,170	\$ 3,477,964	\$ 175,934
Revenue Note, Series 2003	-	3,500,000	-	3,500,000	108,021
Grant Anticipation Loan	996,886	-	996,886	-	-
City of Sanford	510,075	-	510,075	-	-
Florida Department of Transportation	<u>13,516,490</u>	<u>-</u>	<u>-</u>	<u>13,516,490</u>	<u>-</u>
<b>Total Notes Payable</b>	<u><u>\$ 18,665,585</u></u>	<u><u>\$ 3,500,000</u></u>	<u><u>\$ 1,671,131</u></u>	<u><u>\$ 20,494,454</u></u>	<u><u>\$ 283,955</u></u>

The Airport Authority's grant anticipation note payable has a variable interest rate; therefore, it is not practical to compute the future annual interest requirements on this note. The following is a summary of the future principal debt service requirements on Airport Authority notes payable:

<u>Fiscal Year Ending September 30,</u>	<u>Airport Authority Fund</u>
2004	\$ 283,955
2005	302,715
2006	3,233,055
2007	125,206
2008	7,131,115
2009-2013	7,270,925
2014-2018	950,061
2019-2023	<u>1,197,422</u>
	<u><u>\$ 20,494,454</u></u>



**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 9 - General Long-Term Debt**

**A. Changes in General Long-Term Debt**

Changes in general long-term debt for the year ended September 30, 2003 are summarized as follows:

	Balance October 1, 2002	Increase	Decrease	Balance September 30, 2003	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 1,595,000	\$ -	\$ (85,000)	\$ 1,510,000	\$ 90,000
Accrued compensated absences	1,289,021	137,921	-	1,426,942	195,203
Claims payable	1,214,819	-	(118,582)	1,096,237	44,899
Accrued clean-up and long-term care costs	1,289,671	-	(19,439)	1,270,232	19,439
Governmental activity Long-term liabilities	<u>\$ 5,388,511</u>	<u>\$ 137,921</u>	<u>\$ (223,021)</u>	<u>\$ 5,303,411</u>	<u>\$ 349,541</u>
<b>Business-type activities:</b>					
Bonds payable	\$ 32,711,195	\$ -	\$ (5,238,825)	\$ 27,472,370	\$ 1,618,386
Notes, loans and contracts payable	15,134,160	2,762,918	(1,724,354)	16,172,724	476,123
Accrued compensated absences	276,770	-	(6,558)	270,212	38,208
Business-type activity Long-term liabilities	<u>\$ 48,122,125</u>	<u>\$ 2,762,918</u>	<u>\$ (6,969,737)</u>	<u>\$ 43,915,306</u>	<u>\$ 2,132,717</u>

**B. Special Facilities Revenue Bonds**

On July 11, 2000, the City issued \$1,750,000 of Special Facilities Revenue Bonds for the purpose of renovating the Historic Sanford Memorial Stadium.

The Bonds bear interest at 5.60%, payable semi-annually on March 31 and September 30. Principal payments are due and payable on September 30 of each fiscal year through March 31, 2009, with a balloon payment of \$880,000 due on September 30, 2009.

The Special Facilities Revenue Bonds will mature as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2004	\$ 90,000	\$ 82,041	\$ 172,041
2005	95,000	76,860	171,860
2006	100,000	71,400	171,400
2007	110,000	65,520	175,520
2008	115,000	59,220	174,220
2009	1,000,000	52,640	1,052,640
	<u>\$ 1,510,000</u>	<u>\$ 407,681</u>	<u>\$ 1,917,681</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 9 - General Long-Term Debt (Continued)**

**C. Accrued Clean-up and Long-Term Care Costs**

State and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the Art Lane Landfill site for thirty (30) years after closure. The City placed a final cover on the landfill during fiscal 2001, and has since initiated post closure maintenance and monitoring functions. The estimated future cost for post closure maintenance, amounting to approximately \$544,292, is reported as long-term debt on the entity-wide statement of net assets. These costs are recognized in the General Fund as expenditures as they became obligations to be liquidated with available financial resources. Amounts reported as long-term debt are based on estimates provided by consulting engineers. All amounts are based on what it would cost to perform post closure functions in current dollars. Actual costs may differ due to inflation, changes in technology, or changes in laws and regulations.

The City is obligated to provide a share of clean-up costs in connection with the alleged release of hazardous substances and/or pollutants as a result of the former operation of a manufactured gas plant during the 1880's until the year 1952. This obligation was formalized during 1992, when the City and five utility companies entered into a Cost Sharing Agreement providing for all parties to equally share in the funding of contamination assessment activities in an effort to evaluate potential soil and groundwater impacts, all in accordance with and approved by the U.S. Environmental Protection Agency. Terms of the agreement call for the City to be responsible for approximately thirteen percent (13%) of the costs of cleaning up soil and groundwater at the site. The total estimated cost of clean-up activities, based on a study performed by an independent engineer in 1995, is \$5.6 million, of which the City would pay approximately \$726,000. There will also be an evaluation of surface water sediments at the site that could potentially result in additional costs and actual costs may differ due to inflation, changes in technology, changes in laws and regulations, or determinations made by the Florida Department of Environmental Protection. Each of the parties must approve specific actions taken under the agreement. All amounts are based on what it would cost in current dollars.

**D. Compensated Absences**

Vested sick and vacation leave benefits for Governmental Fund Types accrued at September 30, 2003 in accordance with the City's policy, as set forth in Note 1.K., amounted to \$1,231,739 reported as long-term debt and \$195,203 reported in the General Fund as accrued expenses.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 10 - Revenue Bonds Payable of the Discretely Presented Component Unit - Sanford CRA**

The Sanford CRA and the City Commission approved resolutions authorizing the issuance of Community Redevelopment Revenue Bonds, Series 1994A and Series 1994B not exceeding \$10,000,000, by the Community Redevelopment Agency.

On August 1, 1994, the Sanford CRA issued \$6,000,000 in Revenue Bonds, Series 1994A. Series 1994B Bonds totaling \$1,100,000 were issued October 18, 1994. Of the remaining \$2,900,000 of authorized but unissued bonds, \$1,200,000 have been canceled. A Redevelopment Trust Fund pursuant to Florida Statute 163.38 was established and the City pledged to pay an amount equal to 47.5% of the ad valorem tax increment in the development project area to the fund. The Sanford CRA was to utilize the sum of the incremental ad valorem taxes to pay the principal and interest on the bonds. The bonds were issued to finance the Redevelopment Plan to improve blighted areas within the City.

The Series 1994A Bonds bear interest at rates ranging from 4.80% to 6.00%, payable semi-annually on June 1 and December 1. Principal payments are payable on June 1 of each fiscal year as shown below. The Series 1994B bonds are comprised of a single term bond and bear interest at 9% with a maturity date of December 1, 2011, of which such payment is due only to the extent that the City has adequate legally available pledged revenues available to make the bond principal payment.

<b>Fiscal Year Ending September 30,</b>	<b>Series 1994A</b>		<b>Series 1994B</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2004	\$ 330,000	\$ 283,350	\$ -	\$ 99,000	\$ 712,350
2005	450,000	265,200	-	99,000	814,200
2006	480,000	240,000	-	99,000	819,000
2007	510,000	211,200	-	99,000	820,200
2008	665,000	180,600	-	99,000	944,600
2009-2011	2,345,000	296,100	1,100,000	313,500	4,054,600
	<u>\$ 4,780,000</u>	<u>\$ 1,476,450</u>	<u>\$ 1,100,000</u>	<u>\$ 808,500</u>	<u>\$ 8,164,950</u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 10 - Revenue Bonds Payable of the Discretely Presented Component Unit - Sanford CRA (Continued)**

Activity related to the Community Redevelopment Agency Revenue Bonds for the year was as follows:

	<u>Balance October 1, 2002</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance September 30, 2003</u>	<u>Due Within One Year</u>
CRA Bonds	<u>\$6,195,000</u>	<u>\$ -</u>	<u>\$ 315,000</u>	<u>\$ 5,880,000</u>	<u>\$ 330,000</u>

**Note 11 - Airport Authority – Line of Credit**

**Line of credit** - The Airport Authority entered into a line of credit agreement for \$1,500,000 with a financial institution in May 2001. This line of credit is secured by a pledge of landing fee revenue and bears interest at 0.75% under the bank's prime rate. The agreement expired May 29, 2003 and was renewed with no expiration date. The Airport Authority either pays a use fee of 0.25% of \$1,500,000 (\$3,750) or interest, if higher. At September 30, 2003, the outstanding balance was \$0. Therefore, the Airport Authority had available \$1,500,000 at September 30, 2003.

The Airport Authority also has available a line of credit up to \$425,000, at prime rate, with Orlando Sanford Domestic, Inc. under the management agreement discussed in Note 16.E. The Airport Authority has not borrowed anything on this line of credit.

**Note 12 - Interfund Accounts and Transfers**

Individual fund Interfund receivables and payables at September 30, 2003 consist of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 4,080,507	\$ 41,166
Riverwalk Construction	-	3,358,947
Other Governmental Funds	-	721,560
Pension Trust Funds	<u>41,166</u>	<u>-</u>
	<u>\$ 4,121,673</u>	<u>\$ 4,121,673</u>

The interfund receivables and payables represent the payment of expenditures by one fund for another fund and will be repaid within twelve months.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 12 - Interfund Accounts and Transfers**

Interfund Transfers:

	Transfers In:				Total
	General	Riverwalk	Other Government	Stormwater	
Transfers Out:					
General Fund	\$ -	\$ 636,861	\$ 171,914	\$ 550,063	\$ 1,358,838
Other Governmental Funds	531,890	-	-	-	531,890
Total	<u>\$ 531,890</u>	<u>\$ 636,861</u>	<u>\$ 171,914</u>	<u>\$ 550,063</u>	<u>\$ 1,890,728</u>

Transfers between the funds are used to fund various different activities of the City, such as the Riverwalk and the Stormwater system, through the use of cash collected in the General Fund.

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions**

**A. Florida Retirement System**

The City contributes to the Florida Retirement System (FRS), a multiple-employer cost sharing defined benefit pension plan administered by the State of Florida, for the City's authorized permanent, full-time and part-time employees, except police and fire. The Airport Authority also participates in the FRS. The State of Florida issues a publicly available report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Retirement System, State of Florida, Tallahassee, Florida, 32399-1560.

FRS members are eligible for retirement after vesting, which occurs at six (6) years of creditable service for regular members. Normal retirement age is attained at the earlier of thirty (30) years of creditable service, regardless of age, or retirement at age sixty-two (62) with at least ten (10) years of creditable service. Early retirement may be taken anytime; however, there is a five percent (5%) benefit reduction for each year prior to normal retirement age. Members are also eligible for in-line-of-duty or regular disability benefits if permanently disabled and unable to work. Benefits are computed on the basis of age, average final compensation and service credit.

Funding Policy

The FRS has six (6) classes of membership. Only two (2) classes are applicable to the City's eligible employees. These two (2) classes, with descriptions and contribution rates in effect during the period ended September 30, 2003, are as follows (contribution rates are in agreement with the actuarially determined rates, each including an additional .94% health insurance subsidy contribution):

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

Regular Class - Members not qualifying for other classes (5.76% from 07/01/02 to 06/30/03, and 7.39% from 07/01/03 to 09/30/03). Two employees qualified for DROP – Deferred Retirement Option Program (9.11% from 07/01/03 to 09/30/03).

Special Risk Class - Members employed as law enforcement officers, firefighters, or correctional officers and meeting the criteria to qualify for this (16.01% from 07/01/02 to 06/30/03, and 18.53% from 07/01/03 to 09/30/03). There are no City employees in this special risk category, only airport firefighters.

The contribution requirements of the City are established and may be amended by FRS. The plan is non-contributory for employees with all contributions being the obligation of the employer. The City's contributions to FRS for the years ended September 30, 2003, 2002 and 2001 were \$554,244, \$569,521 and \$658,168, respectively, and equal the required contributions for each year. The Airport Authority's contributions to FRS for the years ended September 30, 2003, 2002 and 2001 were \$176,837, \$169,543 and \$157,499, respectively, and equal the required contributions for each year.

**B. Police Officers' and Firefighters' Retirement System**

The City participates in the Police Officers' and Firefighters' Retirement System. Each plan is a single-employer defined benefit pension plan for the sole benefit of the Police Officers' and Firefighters' of the City.

- (1) Plan Description - All full-time police officers and firefighters are eligible from date of employment to participate in the Police Officers' and Firefighters' plans. A member's normal retirement date shall be the first day of the month coincident with, or the next following attainment of age fifty-five (55) for police officers and firefighters, and the completion of ten (10) years of credited service or the completion of twenty-five (25) years of credited service.

A member may retire on his normal retirement date or on the first day of any month thereafter, and each member shall become 100% vested in his accrued benefit on the member's normal retirement date.

Normal retirement under the system is retirement from employment with the City on or after the normal retirement date. The monthly retirement benefit shall equal 3.50% and 3.08% of average final compensation, defined as the highest five (5) years of salary paid during the last ten (10) years of covered employment, for each year of credited service for police officers and firefighters, respectively.

Sanford Airport Authority firefighters who retire at the earlier of age fifty-five (55) and ten (10) years of credited service or twenty-five (25) years of credited service, regardless of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.0% of their average final compensation, defined as the highest five (5) years of salary paid during covered employment, for each year of credited service.

In addition, all of the City's pension plans provide death and disability benefits. These benefits and other requirements are established by State Statute and City ordinance.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

- (2) Contributions - The City's funding policy provides for actuarially determined periodic contributions to the plans. The required contributions include normal costs (after deducting expected employee contributions, if applicable) and the amount of the additional unfunded obligations, amortized over thirty (30) years, created due to increases in plan benefits. Employer contribution rates are determined using the frozen entry age actuarial cost method. The City contributed \$627,453 and \$419,805 to the Police Officers Retirement System and Firefighters Retirement System, respectively.

The police officers are required to contribute 5.1% of their gross compensation (an additional five percent (5%) is paid by the City), and the firefighters are required to contribute seven (7%) of their base pay compensation (an additional five (5%) is paid by the City). Both of the plans also receive contributions from the State for insurance premium refunds. The State contributions are not based on covered payroll. The City is required to contribute the remaining amount necessary to pay the annual normal cost plus an amount sufficient to fund any unfunded accrued liability over twenty-five (25) years for police officers and thirty (30) years for firefighters.

- (3) Method Used to Value Investments and Investment Policies - Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates. An independent investment manager and custodial bank handles all pension investments and check writing duties. Other administrative duties are handled by the City's Finance Director under direction of the Board of Trustees and City Commission.

Investment guidelines limit cash and equivalents to U.S. Government obligations, certificates of deposit and repurchase agreements with major money center banks, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's. Equity securities are limited to issues of U.S. corporations with a rating by a major rating service in one of the three highest classifications, limited to fifty percent (50%) of the fund's assets overall for the police officers and firefighters, and to five percent (5%) of the equity portfolio value invested in any single corporation.

In addition, the police officers' and firefighters' plans require fixed income securities to comprise a minimum fifty percent (50%) of the total assets at cost with a limit to any single corporation of ten percent (10%) of the total bond portfolio. The fixed income portfolio is limited to U.S. Government and U.S. Government agency bonds, and/or bonds issued by U.S. corporations. No investment in any one organization exceeds five percent (5%) or more of plan net assets.

No investments in loan to, or leases with, any parties related to the pension plans have been made.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

- (4) Plan Membership - At September 30, 2003, membership of each plan consisted of the following:

	<u><b>Police Officers</b></u>	<u><b>Firefighters</b></u>
Retirees and beneficiaries receiving benefits	37	38
Active plan members	<u>119</u>	<u>66</u>
Total	<u><u>156</u></u>	<u><u>104</u></u>

- (5) Annual Pension Costs - Annual Pension costs were as follows:

	<u><b>2001</b></u>	<u><b>2002</b></u>	<u><b>2003</b></u>
Police Officers' plan	\$ 362,475	\$ 387,734	\$ 627,453
Firefighters' plan	\$ 213,689	\$ 289,051	\$ 419,805

The percentage contribution for the police officers' and firefighters' retirement plans for each of the past three (3) years was one hundred percent (100%) of the Annual Pension Costs. Therefore, the retirement plans have had no net pension obligation at any of the September 30 year ends.

The Airport Authority Firefighters' plan was excluded from the above analysis as it was not considered material.

- (6) The plans do not issue separate financial statements.
- (7) Costs of administering the Police Officers' and Firefighters pension plans are financed through investment earnings.



**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13- Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

(8) The following is a summary of actuarial methods and significant actuarial assumptions used in the latest actuarial valuations.

	<u><b>Police Officers'</b></u>	<u><b>Firefighters'</b></u>
Valuation date	10/01/2002	10/01/2002
Actuarial cost method	Frozen Entry Age	Frozen Entry Age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	29 years	28 years
Asset valuation method	4-year smoothed market	4-year smoothed market
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increase (including both cost of living and merit)	6.50%	6.50%
Inflation rate	3.00%	3.00%
Postretirement benefit increases	0.00%	0.00%

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

**Pension trust fund financial statements**

Financial statements for the Police Officers' Retirement System and Firefighters' Retirement System are as follows:

	<b><u>Police Officers'</u></b> <b><u>Retirement System</u></b>	<b><u>Firefighters'</u></b> <b><u>Retirement System</u></b>
<b>Assets</b>		
Investments, at fair value:		
Money market funds	\$ 2,048,441	\$ 214,176
Equity securities, individual stocks and mutual funds	9,641,455	4,519,455
Mutual funds investing in corporate and U.S. Treasury bonds	<u>5,458,600</u>	<u>7,207,580</u>
Total investments	17,148,496	11,941,211
 Due from other funds	 25,168	 15,998
Due from fiscal agent	<u>391</u>	<u>377</u>
Total assets	<u>17,174,055</u>	<u>11,957,586</u>
<b>Liabilities</b>		
Accounts payable	<u>30,170</u>	<u>15,740</u>
Total liabilities	<u>30,170</u>	<u>15,740</u>
<b>Net assets</b>		
Held in trust for pension benefits	<u><u>\$ 17,143,885</u></u>	<u><u>\$ 11,941,846</u></u>

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

	<u>Police Officers'</u> <u>Retirement System</u>	<u>Firefighters'</u> <u>Retirement System</u>
<b>Additions</b>		
Contributions:		
Employer	\$ 627,453	\$ 419,805
State	232,576	163,438
Plan members and others	227,298	173,730
Total contributions	<u>1,087,327</u>	<u>756,973</u>
Investment earnings:		
Net increase in fair value of investments	1,484,504	1,065,067
Dividends	142,638	62,741
Interest	281,795	3,350
Total investment earnings	<u>1,908,937</u>	<u>1,131,158</u>
Less investment expenses	<u>81,244</u>	<u>55,645</u>
Net investment earnings	1,827,693	1,075,513
Miscellaneous income	11,101	4,635
Total additions	<u>2,926,121</u>	<u>1,837,121</u>
<b>Deductions</b>		
Benefits	923,906	856,288
Refunds of contributions	56,207	22,389
Other services and charges	27,877	21,052
Total deductions	<u>1,007,990</u>	<u>899,729</u>
Change in net assets	1,918,131	937,392
Total net assets - beginning	<u>15,225,754</u>	<u>11,004,454</u>
Total net assets - ending	<u>\$ 17,143,885</u>	<u>\$ 11,941,846</u>

**C. Post-employment Benefits other than Pensions**

The City's resolutions and ordinances allow employees who have retired to continue their life and health insurance benefits, and a portion of the cost, in an amount determined by City management, is borne by the City. The City pays, up to age sixty-five (65), health insurance benefits for employees retiring after October 1, 1991, with twenty-five (25) or more years of service. The City pays the health benefits of employees who retired prior to October 1, 1991, for life, and the life insurance benefits for retired employees, with the level of the benefit being delineated as \$3,000 term life. Expenditures for these insurance premiums, which are recognized when paid, were recorded in the General and Water and Sewer Funds in the amount of \$281,560 and \$14,719, respectively for the year ended September 30, 2003 for 66 retirees receiving health insurance and 116 receiving life insurance.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 13 - Pension Plans and Postemployment Benefits Other than Pensions (Continued)**

The nature of the plan is such that no formal trust fund exists. The plan pays premiums to an insurance company that maintains no assets or liabilities in the name of the City or on the City's behalf.

**Note 14 - Deferred Compensation Plan**

The City and the Airport Authority each have separate deferred compensation plans, created in accordance with Internal Revenue Code Section 457, in which all employees are eligible to participate. Deferred compensation amounts withheld from participating employees' pay are not taxable as current income until withdrawn from the plan. Annual contributions by a participant may not exceed limits established by the Internal Revenue Service. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City and Airport Authority have each placed the assets of the plans in trust with a third-party administrator and as such are not recorded in the financial records of either organization.

**Note 15 - Risk management**

Primary Government

The City accounts for its risk management activities in an internal service fund that includes self-insurance programs for workers' compensation, general liability, and any other claims. The City has made the decision to retain up to \$150,000 per incident relating to workers' compensation. City owned vehicles with a purchase cost of less than \$50,000 are not insured for property damage. Excess coverage up to statutory limits per incident for workers' compensation has been purchased from an outside carrier. All other liability and property damage insurance is obtained through excess carriers with a \$100,000 deductible for general liability claims per incident and an aggregate stop loss of \$950,000 for all types of claims for fiscal year 2003. There have been no significant reductions in insurance coverage from the prior year. No settlements have exceeded the City's insurance coverage for each of the past three (3) fiscal years. At September 30, 2003 a reserve of \$317,010 and \$779,227 was recorded for the settlement of pending workers' compensation and general liability claims, respectively, including a provision for incurred but not reported claims. This liability is the City's best estimate based on available information.

The City utilizes the expertise of the plan administrator in determining the liability for claims incurred and other related costs on a claim-by-claim basis.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 15 - Risk management (Continued)**

The changes in the City's claims liability during the years ended September 30, 2002 and 2003 were as follows:

	<u>Balance at Fiscal Year Beginning</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2001 - 2002	\$ 1,146,085	\$ 1,361,775	\$ (1,293,040)	\$ 1,214,820
2002 - 2003	\$ 1,214,820	\$ 2,011,260	\$ (2,129,843)	\$ 1,096,237

Airport Authority

The Airport Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Airport Authority carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three (3) years.

**Note 16 - Commitments and contingencies**

Primary Government

- A. Various suits and claims arising in the ordinary course of the City's operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, management believes, based on the advice of legal counsel, that there will be no material effect on the City's financial position and/or that the City has sufficient insurance coverage to cover any claims.
- B. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the City. In the opinion of management, any such adjustments would not be significant.
- C. The City has various construction contracts outstanding in the Governmental Funds and Enterprise Funds, commitments on which amount to \$5,150,925 at September 30, 2003.

Airport Authority

- D. The Airport Authority is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Airport Authority's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Airport Authority.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 16 - Commitments and contingencies (continued)**

- E. During the year ended September 30, 2001, the Domestic Terminal project was completed. In concert with the design and construction of the domestic terminal expansion, the Airport Authority entered into a Memorandum of Understanding with TBI, plc to negotiate a thirty (30) year management contract for the domestic terminal in exchange for their private sector investment into the project of \$7,500,000. TBI, plc's United States corporation, known as Orlando Sanford Domestic (OSD), will manage all operations involving the domestic terminal. The contractual agreement provides for five (5) fixed annual lump sum payments to the Airport Authority as well as additional minimum operation payments to the Airport Authority for years one through thirty (1 - 30) in exchange for the revenues generated by the operation of the domestic terminal. The Airport Authority will also participate in a percentage of gross revenues generated from the operation of the domestic terminal should those amounts exceed the agreed upon revenue thresholds. Additionally, many expenses and liabilities associated with the operation of the domestic terminal will be removed from the Airport Authority and transferred to OSD.
- F. At the end of fiscal year September 30, 2003, the Airport Authority had entered into construction contracts in the amount of \$5,901,180.
- G. The Airport Authority receives a significant amount of other revenue under several Federal and State grant programs. These programs are subject to compliance audits as required by the Federal government and the State of Florida. The amount, if any, of expenditures, which may be disallowed, is not determinable at this time.
- H. The Airport Authority has identified several sites that have environmental issues on airport property. The State of Florida and the United States Navy is responsible for cleaning up the majority of these sites. At this time the Airport Authority is unable to determine the cost and their responsibility in the clean-up of these sites. The Airport Authority is pursuing all possible remedies to mitigate any contamination.

**Note 17 - Conduit debt obligations**

From time to time, the Airport Authority has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for construction of aviation related facilities on the airport's premises. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, Seminole County, the City of Sanford or the State of Florida, and accordingly, have not been reported in the accompanying financial statements. As of September 30, 2003, there was one (1) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$29,630,000.

**CITY OF SANFORD, FLORIDA**  
**Notes to Financial Statements**  
**Year Ended September 30, 2003**

**Note 18 - Component unit - Sanford CRA**

Condensed financial statement information related to the Sanford CRA as of and for the year ended September 30, 2003 is as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Condensed Balance Sheet:</b>					
Cash and cash equivalents	\$ 775,338	\$ -	\$ 775,338	\$ -	\$ 775,338
Due from other governments	882	-	882	-	882
Total Assets and Other Debits	<u>\$ 776,220</u>	<u>\$ -</u>	<u>\$ 776,220</u>	<u>\$ -</u>	<u>\$ 776,220</u>
Accrued interest payable	\$ -	\$ -	\$ -	\$ 127,450	\$ 127,450
Bonds payable	-	-	-	5,880,000	5,880,000
Fund Balance/					
Net Assets - Unrestricted	776,220	-	776,220	(6,007,450)	(5,231,230)
Total Liabilities and Fund Balances	<u>\$ 776,220</u>	<u>\$ -</u>	<u>\$ 776,220</u>	<u>\$ -</u>	<u>\$ 776,220</u>
<b>Condensed Revenues, Expenditures and Changes in Fund Balances:</b>					
					<u>Statement of Activities</u>
Revenues:					
Taxes	\$ 638,170	\$ -	\$ 638,170	\$ -	\$ 638,170
Interest	11,747	-	11,747	-	11,747
Contributions	247,349	-	247,349	-	247,349
Total revenues	<u>897,266</u>	<u>-</u>	<u>897,266</u>	<u>-</u>	<u>897,266</u>
Expenditures:					
General government	38,590	-	38,590	-	38,590
Transportation	13,960	-	13,960	-	13,960
Economic environment	33,892	-	33,892	-	33,892
Principal retirement	-	315,000	315,000	(315,000)	-
Interest and fiscal charges	-	300,360	300,360	(5,670)	294,690
Total expenditures	<u>86,442</u>	<u>615,360</u>	<u>701,802</u>	<u>(320,670)</u>	<u>381,132</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	810,824	(615,360)	195,464	320,670	516,134
Other Financing Sources (Uses):					
Operating transfers (out) in	(615,360)	615,360	-	-	-
Total Other Financing Sources (Uses)	<u>(615,360)</u>	<u>615,360</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	195,464	-	195,464	320,670	516,134
Fund Balances / Net Asset Deficit					
October 1, 2002	580,756	-	580,756	(6,328,120)	(5,747,364)
Fund Balances, September 30, 2003	<u>\$ 776,220</u>	<u>\$ -</u>	<u>\$ 776,220</u>	<u>\$ (6,007,450)</u>	<u>\$ (5,231,230)</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**CITY OF SANFORD, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended September 30, 2003**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 15,885,897	\$ 16,170,897	\$ 16,695,931	\$ 525,034
Licenses and permits	1,101,680	1,101,680	1,005,520	(96,160)
Intergovernmental revenues	3,775,983	4,501,212	5,194,674	693,462
Charges for services	4,518,777	4,527,290	4,524,491	(2,799)
Fines and forfeitures	202,200	202,200	232,734	30,534
Contributions	5,000	6,200	698	(5,502)
Interest	340,000	340,000	231,816	(108,184)
Administrative services	906,231	906,231	906,231	-
Miscellaneous revenue	218,453	384,349	272,244	(112,105)
Total revenues	<u>26,954,221</u>	<u>28,140,059</u>	<u>29,064,339</u>	<u>924,280</u>
<b>Expenditures</b>				
Current:				
General government	4,637,092	4,673,299	4,455,813	217,486
Public safety	13,762,647	15,358,582	14,731,804	626,778
Transportation	2,625,199	3,490,057	3,069,187	420,870
Physical environment	2,864,258	2,864,162	2,930,316	(66,154)
Economic environment	26,500	483,817	253,587	230,230
Human services	151,450	319,450	252,358	67,092
Culture/Recreation	4,072,493	4,640,146	3,599,820	1,040,326
Total expenditures	<u>28,139,639</u>	<u>31,829,513</u>	<u>29,292,885</u>	<u>2,536,628</u>
<b>Excess (deficiency) of revenues over</b>				
<b>(under) expenditures</b>	<u>(1,185,418)</u>	<u>(3,689,454)</u>	<u>(228,546)</u>	<u>3,460,908</u>
<b>Other financing sources (uses)</b>				
Transfers in	588,806	588,806	531,890	(56,916)
Transfers out	<u>(403,388)</u>	<u>(1,606,213)</u>	<u>(1,358,838)</u>	<u>247,375</u>
Total other financing sources (uses)	<u>185,418</u>	<u>(1,017,407)</u>	<u>(826,948)</u>	<u>190,459</u>
<b>Net change in fund balances</b>	<u>(1,000,000)</u>	<u>(4,706,861)</u>	<u>(1,055,494)</u>	<u>3,651,367</u>
<b>Fund balance - beginning</b>	<u>14,314,757</u>	<u>14,314,757</u>	<u>14,314,757</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 13,314,757</u>	<u>\$ 9,607,896</u>	<u>\$ 13,259,263</u>	<u>\$ 3,651,367</u>

**CITY OF SANFORD, FLORIDA**  
**Schedule of Funding Progress**  
**Defined Benefit Pension Trust Funds**  
**Year Ended September 30, 2003**

<u>Actual Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Accrued Liability (AAL) Frozen Entry Age</u>	<u>Actuarial Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as Percentage of Covered Payroll</u>
<b>Police Officers' Retirement System</b>						
10/01/1998	\$ 15,725,789	\$ 17,576,478	\$ 1,850,689	89.47%	\$ 2,836,950	65.24%
10/01/1999	\$ 17,591,379	\$ 19,541,704	\$ 1,950,325	90.02%	\$ 2,849,125	68.45%
10/01/2000	\$ 19,432,369	\$ 21,244,881	\$ 1,812,512	91.47%	\$ 3,194,472	56.74%
10/01/2001	\$ 20,032,657	\$ 21,642,332	\$ 1,609,675	92.56%	\$ 3,612,283	44.56%
10/01/2002	\$ 19,469,655	\$ 21,144,642	\$ 1,674,987	92.08%	\$ 3,853,643	43.47%
10/01/2003	\$ 19,272,243	\$ 20,894,562	\$ 1,622,319	92.24%	\$ 4,167,079	38.93%
<b>Firefighters' Retirement System</b>						
10/01/1998	\$ 10,203,906	\$ 12,476,469	\$ 2,272,563	81.79%	\$ 1,825,725	124.47%
10/01/1999	\$ 11,251,058	\$ 13,515,882	\$ 2,264,824	83.24%	\$ 1,821,056	124.37%
10/01/2000	\$ 12,268,181	\$ 14,313,055	\$ 2,044,874	85.71%	\$ 2,050,682	99.72%
10/01/2001	\$ 12,611,092	\$ 14,613,575	\$ 2,002,483	86.30%	\$ 2,107,190	95.03%
10/01/2002	\$ 12,610,665	\$ 14,583,248	\$ 1,972,583	86.47%	\$ 2,460,554	80.17%
10/01/2003	\$ 12,727,078	\$ 14,633,139	\$ 1,906,062	86.97%	\$ 2,466,177	77.29%

**CITY OF SANFORD, FLORIDA**  
**Schedule of Contributions from the City and Other Contributing Entities**  
**Defined Benefit Pension Trust Funds**  
**Year Ended September 30, 2003**

<u>Year Ended September 30,</u>	<u>Annual Required City Contribution</u>	<u>Actual City Contribution</u>	<u>Percentage of Requirement Contributed</u>	<u>Additional State Contribution</u>
<b>Police Officers' Retirement System</b>				
1998	\$ 149,859	\$ 285,753	190.68%	\$ 155,028 *
1999	\$ 232,224	\$ 284,467	122.50%	\$ 155,028 *
2000	\$ 165,216	\$ 313,029	189.47%	\$ 155,028 *
2001	\$ 174,653	\$ 362,475	207.54%	\$ 157,123 *
2002	\$ 359,349	\$ 387,734	107.90%	\$ 163,847 *
2003	\$ 627,348	\$ 627,453	100.02%	\$ 163,847 *
<b>Firefighters' Retirement System</b>				
1998	\$ 150,360	\$ 190,886	126.95%	\$ 115,162 *
1999	\$ 188,857	\$ 193,325	102.37%	\$ 115,162 *
2000	\$ 154,763	\$ 207,895	134.33%	\$ 115,162 *
2001	\$ 197,915	\$ 213,689	107.97%	\$ 125,840 *
2002	\$ 289,051	\$ 289,051	100.00%	\$ 125,840 *
2003	\$ 419,804	\$ 419,805	100.00%	\$ 125,840 *

\* Frozen per Chapter 185, Florida Statutes, as amended.

**CITY OF SANFORD, FLORIDA**  
**Combining and Individual Funds Statements and Schedules**

Combining Financial Statements provide a more detailed view of summarized information in the "Basic Financial Statements."

**CITY OF SANFORD, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2003**

	<b>Special Revenue Funds</b>	<b>Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 2,080,691	\$ -	\$ 2,080,691
Due from other governments	132,813	1,301,799	1,434,612
Restricted cash and cash equivalents	-	220,307	220,307
<b>Total assets</b>	<u><u>\$ 2,213,504</u></u>	<u><u>\$ 1,522,106</u></u>	<u><u>\$ 3,735,610</u></u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable	\$ 38,239	\$ 616,928	\$ 655,167
Accrued liabilities	2,687	-	2,687
Accrued interest payable	-	458	458
Due to other funds	24,728	696,832	721,560
Deferred revenues	30,175	-	30,175
Total liabilities	<u>95,829</u>	<u>1,314,218</u>	<u>1,410,047</u>
Fund balances:			
Reserved	-	207,888	207,888
Unreserved:			
Undesignated	2,117,675	-	2,117,675
Total fund balances	<u>2,117,675</u>	<u>207,888</u>	<u>2,325,563</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 2,213,504</u></u>	<u><u>\$ 1,522,106</u></u>	<u><u>\$ 3,735,610</u></u>

**CITY OF SANFORD, FLORIDA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended September 30, 2003**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Taxes	\$ 764,867	\$ -	\$ 1,630,845	\$ 2,395,712
Intergovernmental revenues	326,872	-	-	326,872
Fines and forfeitures	89,839	-	-	89,839
Impact fees	286,385	-	-	286,385
Interest earnings	31,687	-	-	31,687
Miscellaneous revenue	17,054	-	496,934	513,988
Total revenues	<u>1,516,704</u>	<u>-</u>	<u>2,127,779</u>	<u>3,644,483</u>
<b>Expenditures</b>				
Current:				
Public safety	29,491	-	-	29,491
Transportation	332,123	-	-	332,123
Economic environment	344,942	-	-	344,942
Capital outlay	607,711	-	1,842,560	2,450,271
Debt service:				
Principal	-	85,000	-	85,000
Interest and fiscal charges	-	86,914	-	86,914
Total expenditures	<u>1,314,267</u>	<u>171,914</u>	<u>1,842,560</u>	<u>3,328,741</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>202,437</u>	<u>(171,914)</u>	<u>285,219</u>	<u>315,742</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	171,914	-	171,914
Transfers out	(531,890)	-	-	(531,890)
Total other financing sources (uses)	<u>(531,890)</u>	<u>171,914</u>	<u>-</u>	<u>(359,976)</u>
<b>Net change in fund balances</b>	(329,453)	-	285,219	(44,234)
<b>Fund balance - beginning</b>	<u>2,447,128</u>	<u>-</u>	<u>(77,331)</u>	<u>2,369,797</u>
<b>Fund balance - ending</b>	<u>\$ 2,117,675</u>	<u>\$ -</u>	<u>\$ 207,888</u>	<u>\$ 2,325,563</u>

**CITY OF SANFORD, FLORIDA**  
**Special Revenue Funds**

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government. The City has the following Special Revenue Funds:

Police Education:

To account for that portion of fines on certain violations, per statute, to fund continuing education for police officers.

Law Enforcement Trust Fund:

To account for proceeds obtained through forfeiture of confiscated and unclaimed property through court judgment. The proceeds are to be used solely for law enforcement purposes, with emphasis given to community policing activities, training & law enforcement operations.

Local Option Gas Tax Fund:

To account for the City's allocation of the 6-cent local option gas tax collected in Seminole County and the expenditures used for the additions to or maintenance of the City's transportation system.

Other Grants Fund:

To account for grants received by the City as a subgrantee, Grant proceeds are utilized to provide rehabilitation improvements to blighted areas of the City.

Cemetery:

To account for certain funds set aside to be used for capital improvements and perpetual care of a local cemetery.

Recreation Facilities Impact Fees Fund, Fire Public Safety Facilities Impact Fees Fund and Police Public Safety Facilities Impact Fees Fund:

To account for impact fees collected by the City to be used solely for the expansion or acquisition of capital facilities or equipment made necessary by the new construction from which the fees were collected or for principal payments (including sinking fund payments) on bonds to expand or acquire such facilities or equipment.

**CITY OF SANFORD, FLORIDA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**September 30, 2003**

	<b>Police Education</b>	<b>Law Enforcement Trust</b>	<b>Local Option Gas Tax</b>	<b>Other Grants</b>	<b>Cemetery</b>	<b>Recreation Facilities Impact Fees</b>	<b>Fire Public Safety Facilities Impact Fees</b>	<b>Police Public Safety Facilities Impact Fees</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>Assets</b>									
Cash and cash equivalents	\$ 33,085	\$ 136,201	\$ 399,854	\$ -	\$ 462,081	\$ 90,305	\$ 58,546	\$ 900,619	\$ 2,080,691
Due from other governments	883	-	68,023	63,907	-	-	-	-	132,813
<b>Total assets</b>	<b>\$ 33,968</b>	<b>\$ 136,201</b>	<b>\$ 467,877</b>	<b>\$ 63,907</b>	<b>\$ 462,081</b>	<b>\$ 90,305</b>	<b>\$ 58,546</b>	<b>\$ 900,619</b>	<b>\$ 2,213,504</b>
<b>Liabilities and fund balances</b>									
Liabilities:									
Accounts payable	\$ 117	\$ 540	\$ 31,368	\$ 6,214	\$ -	\$ -	\$ -	\$ -	\$ 38,239
Accrued liabilities	-	-	-	2,687	-	-	-	-	2,687
Due to other funds	-	-	-	24,728	-	-	-	-	24,728
Deferred revenues	30,175	-	-	-	-	-	-	-	30,175
Total liabilities	30,292	540	31,368	33,629	-	-	-	-	95,829
Fund balances:									
Unreserved:									
Undesignated	3,676	135,661	436,509	30,278	462,081	90,305	58,546	900,619	2,117,675
Total fund balances	3,676	135,661	436,509	30,278	462,081	90,305	58,546	900,619	2,117,675
<b>Total liabilities and fund balances</b>	<b>\$ 33,968</b>	<b>\$ 136,201</b>	<b>\$ 467,877</b>	<b>\$ 63,907</b>	<b>\$ 462,081</b>	<b>\$ 90,305</b>	<b>\$ 58,546</b>	<b>\$ 900,619</b>	<b>\$ 2,213,504</b>



**CITY OF SANFORD, FLORIDA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended September 30, 2003**

	Police Education	Law Enforcement Trust	Local Option Gas Tax	Other Grants	Cemetery	Recreation Facilities Impact Fees	Fire Public Safety Facilities Impact Fees	Police Public Safety Facilities Impact Fees	Total Nonmajor Special Revenue Funds
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ 764,867	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 764,867
Intergovernmental revenues	-	-	-	326,872	-	-	-	-	326,872
Fines and forfeitures	11,080	78,759	-	-	-	-	-	-	89,839
Impact fees	-	-	-	-	-	120,226	39,528	126,631	286,385
Interest earnings	625	3,011	6,865	118	-	7,110	906	13,052	31,687
Miscellaneous revenue	-	5,004	-	-	12,050	-	-	-	17,054
Total revenues	11,705	86,774	771,732	326,990	12,050	127,336	40,434	139,683	1,516,704
<b>Expenditures</b>									
Current:									
Public safety	21,224	8,267	-	-	-	-	-	-	29,491
Transportation	-	-	332,123	-	-	-	-	-	332,123
Economic environment	-	-	-	344,942	-	-	-	-	344,942
Capital outlay	-	13,119	589,144	5,448	-	-	-	-	607,711
Total expenditures	21,224	21,386	921,267	350,390	-	-	-	-	1,314,267
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(9,519)	65,388	(149,535)	(23,400)	12,050	127,336	40,434	139,683	202,437
<b>Other financing sources (uses)</b>									
Transfers out	-	(47,360)	-	-	-	(362,558)	(31,765)	(90,207)	(531,890)
Total other financing sources (uses)	-	(47,360)	-	-	-	(362,558)	(31,765)	(90,207)	(531,890)
<b>Net change in fund balances</b>	(9,519)	18,028	(149,535)	(23,400)	12,050	(235,222)	8,669	49,476	(329,453)
<b>Fund balance - beginning</b>	13,195	117,633	586,044	53,678	450,031	325,527	49,877	851,143	2,447,128
<b>Fund balance - ending</b>	\$ 3,676	\$ 135,661	\$ 436,509	\$ 30,278	\$ 462,081	\$ 90,305	\$ 58,546	\$ 900,619	\$ 2,117,675

**CITY OF SANFORD, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2003**

	<b>Police Education</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures	11,500	11,080	(420)
Impact Fees	-	-	-
Interest	1,000	625	(375)
Miscellaneous revenue	-	-	-
Total revenues	<u>12,500</u>	<u>11,705</u>	<u>(795)</u>
<b>Expenditures</b>			
Current:			
Public safety	60,000	21,224	38,776
Transportation	-	-	-
Total expenditures	<u>60,000</u>	<u>21,224</u>	<u>38,776</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(47,500)</u>	<u>(9,519)</u>	<u>37,981</u>
<b>Other financing sources (uses)</b>			
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	(47,500)	(9,519)	37,981
<b>Fund balance - beginning</b>	<u>13,195</u>	<u>13,195</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ (34,305)</u>	<u>\$ 3,676</u>	<u>\$ 37,981</u>

Law Enforcement Trust			Local Option Gas Tax		
Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ 774,800	\$ 764,867	\$ (9,933)
-	78,759	78,759	-	-	-
-	-	-	-	-	-
400	3,011	2,611	5,000	6,865	1,865
-	5,004	5,004	-	-	-
400	86,774	86,374	779,800	771,732	(8,068)
38,245	21,386	16,859	-	-	-
-	-	-	1,190,268	921,267	269,001
38,245	21,386	16,859	1,190,268	921,267	269,001
(37,845)	65,388	103,233	(410,468)	(149,535)	260,933
(56,020)	(47,360)	8,660	-	-	-
(56,020)	(47,360)	8,660	-	-	-
(93,865)	18,028	111,893	(410,468)	(149,535)	260,933
117,633	117,633	-	586,044	586,044	-
\$ 23,768	\$ 135,661	\$ 111,893	\$ 175,576	\$ 436,509	\$ 260,933

(continued)

**CITY OF SANFORD, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2003**

	<b>Cemetery</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Impact Fees	-	-	-
Interest	-	-	-
Miscellaneous revenue	32,000	12,050	(19,950)
Total revenues	32,000	12,050	(19,950)
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
Transportation	-	-	-
Total expenditures	-	-	-
<b>Excess (deficiency) of revenues over (under) expenditures</b>	32,000	12,050	(19,950)
<b>Other financing sources (uses)</b>			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
<b>Net change in fund balances</b>	32,000	12,050	(19,950)
<b>Fund balance - beginning</b>	450,031	450,031	-
<b>Fund balance - ending</b>	\$ 482,031	\$ 462,081	\$ (19,950)

Recreation Facilities Impact Fees			Fire Public Safety Facilities Impact Fees		
Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
75,000	120,226	45,226	25,000	39,528	14,528
-	7,110	7,110	-	906	906
-	-	-	-	-	-
75,000	127,336	52,336	25,000	40,434	15,434
-	-	-	-	-	-
-	-	-	10,050	-	10,050
-	-	-	-	-	-
-	-	-	10,050	-	10,050
75,000	127,336	52,336	14,950	40,434	25,484
(390,000)	(362,558)	27,442	(34,950)	(31,765)	3,185
(390,000)	(362,558)	27,442	(34,950)	(31,765)	3,185
(315,000)	(235,222)	79,778	(20,000)	8,669	28,669
325,527	325,527	-	49,877	49,877	-
\$ 10,527	\$ 90,305	\$ 79,778	\$ 29,877	\$ 58,546	\$ 28,669

(continued)

**CITY OF SANFORD, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended September 30, 2003**

	<b>Police Public Safety Facilities Impact Fees</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-
Impact fees	25,000	126,631	101,631
Interest	14,000	13,052	(948)
Miscellaneous revenue	-	-	-
Total revenues	<u>39,000</u>	<u>139,683</u>	<u>100,683</u>
<b>Expenditures</b>			
Current:			
Public safety	737,164	-	737,164
Transportation	-	-	-
Total expenditures	<u>737,164</u>	<u>-</u>	<u>737,164</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(698,164)</u>	<u>139,683</u>	<u>837,847</u>
<b>Other financing sources (uses)</b>			
Transfers out	<u>(107,836)</u>	<u>(90,207)</u>	<u>17,629</u>
Total other financing sources (uses)	<u>(107,836)</u>	<u>(90,207)</u>	<u>17,629</u>
<b>Net change in fund balances</b>	<u>(806,000)</u>	<u>49,476</u>	<u>855,476</u>
<b>Fund balance - beginning</b>	<u>851,143</u>	<u>851,143</u>	<u>-</u>
<b>Fund balance - ending</b>	<u>\$ 45,143</u>	<u>\$ 900,619</u>	<u>\$ 855,476</u>

**CITY OF SANFORD, FLORIDA**  
**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs:

Debt Service:

To account for and report on payment of principal, interest and related costs on Special Facilities Revenue Bonds.

**CITY OF SANFORD, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended September 30, 2003**

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	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Expenditures</b>			
Debt service:			
Principal	\$ 85,000	\$ 85,000	\$ -
Interest and fiscal charges	86,940	86,914	26
Total expenditures	<u>171,940</u>	<u>171,914</u>	<u>26</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(171,940)</u>	<u>(171,914)</u>	<u>26</u>
<b>Other financing sources (uses)</b>			
Transfers in	<u>171,940</u>	<u>171,914</u>	<u>(26)</u>
Total other financing sources (uses)	<u>171,940</u>	<u>171,914</u>	<u>(26)</u>
<b>Net change in fund balances</b>	-	-	-
<b>Fund balance - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



**CITY OF SANFORD, FLORIDA**  
**Capital Projects Funds**

The Capital Projects Funds are used to account for financial resources earmarked for the acquisition or construction of major capital facilities and other project-oriented activities (other than those financed by proprietary funds):

Riverwalk:

To account for certain funds set aside for construction of the Riverwalk.

East-West Connector Construction:

To account for certain funds set aside for construction of the East-West Connector.

**CITY OF SANFORD, FLORIDA**  
**Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**September 30, 2003**

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	<b>East-West Connector Construction</b>
	<u><u></u></u>
<b>Assets</b>	
Due from other governments	\$ 1,301,799
Restricted cash and cash equivalents	220,307
<b>Total assets</b>	<u><u>\$ 1,522,106</u></u>
<b>Liabilities and fund balances</b>	
Liabilities:	
Accounts payable	\$ 616,928
Accrued interest payable	458
Due to other funds	696,832
Total liabilities	<u>1,314,218</u>
Fund balances:	
Reserved	<u>207,888</u>
Total fund balances	<u>207,888</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 1,522,106</u></u>

**CITY OF SANFORD, FLORIDA**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Project Fund**  
**Year Ended September 30, 2003**

---

	<b>East-West Connector Construction</b>
<b>Revenues</b>	
Taxes	\$ 1,630,845
Miscellaneous revenue	496,934
Total revenues	<u>2,127,779</u>
<b>Expenditures</b>	
Current:	
Capital outlay	1,842,560
Total expenditures	<u>1,842,560</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>285,219</u>
 <b>Net change in fund balances</b>	 285,219
 <b>Fund balance - beginning</b>	 <u>(77,331)</u>
 <b>Fund balance - ending</b>	 <u><u>\$ 207,888</u></u>

**CITY OF SANFORD, FLORIDA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Funds**  
**For the Year Ended September 30, 2003**

	<b>Riverwalk</b>		
	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>Revenues</b>			
Taxes	\$ 1,942,000	\$ 1,942,000	\$ -
Intergovernmental revenues	6,332,887	3,092,861	(3,240,026)
Interest	-	1,903	1,903
Total revenues	<u>8,274,887</u>	<u>5,036,764</u>	<u>(3,238,123)</u>
<b>Expenditures</b>			
Current:			
Transportation	10,411,748	7,189,811	3,221,937
Total expenditures	<u>10,411,748</u>	<u>7,189,811</u>	<u>3,221,937</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,136,861)</u>	<u>(2,153,047)</u>	<u>(16,186)</u>
<b>Other financing sources (uses)</b>			
Transfers in	2,136,861	636,861	(1,500,000)
Total other financing sources (uses)	<u>2,136,861</u>	<u>636,861</u>	<u>(1,500,000)</u>
<b>Net change in fund balances</b>	-	(1,516,186)	(1,516,186)
<b>Fund balance - beginning</b>	-	-	-
<b>Fund balance - ending</b>	<u>\$ -</u>	<u>\$ (1,516,186)</u>	<u>\$ (1,516,186)</u>

## **STATISTICAL SECTION:**

Statistical schedules differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social data, economic data, and financial trends of the City of Sanford, Florida.

**CITY OF SANFORD, FLORIDA**  
**Statistical Section**  
**Year Ended September 30, 2003**

The Statistical Section consists of tables and charts designed to provide the reader with insights into the financial position of the City which are not readily apparent from the Financial Statements.

The following statistical tables recommended for inclusion by the Government Accounting Standards Board are not included for the reasons stated:

- A. Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita - Last Ten Fiscal Years

During the past ten years, the City had no general bonded indebtedness.

- B. Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - Last Ten Fiscal Years

During the past ten years, the City had no general bonded indebtedness.

- C. Computation of Legal Debt Margin

Neither the Constitution of the State of Florida, the Florida Statutes, nor the Charter of the City sets a legal debt margin.

- D. Special Assessments Billing and Collection - Last Ten Fiscal Years

During the past ten years, the City had no Special Assessment Debt.

The following statistical tables include the primary government only.

Table I

**CITY OF SANFORD, FLORIDA**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**

(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>General Govern- ment</b>	<b>Public Safety</b>	<b>Transportation</b>	<b>Physical Environ- ment</b>	<b>Economic Environ- ment</b>	<b>Human Services</b>	<b>Culture/ Recreation</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
1994	\$ 2,681	\$ 7,693	\$ 1,711	\$ 134	\$ 568	\$ 10	\$ 2,101	\$ 256	\$ 565	\$ 15,719
1995	2,281	7,650	1,622	48	471	13	2,070	6,936	940	22,031
1996	2,397	7,850	1,801	-	645	2	2,193	1,741	971	17,600
1997	2,426	7,971	1,906	-	950	9	2,264	1,280	971	17,777
1998	2,903	9,008	1,928	-	1,349	8	2,519	1,065	609	19,389
1999	3,101	8,850	1,884	-	793	18	2,513	3,005	387	20,551
2000	3,610	9,348	2,237	2,628	417	73	2,671	2,527	304	23,815
2001	3,571	11,422	2,424	3,265	423	98	2,964	1,909	1,163	27,239
2002	3,906	12,784	3,369	3,036	659	223	3,214	3,087	172	30,450
2003	4,411	13,415	2,520	2,930	534	252	3,217	3,326	172	30,778

(1) Includes General, Special Revenue and Debt Service Funds.

Table II

**CITY OF SANFORD, FLORIDA**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Inter-governmental</b>	<b>Charges for Services</b>	<b>Fines and Forfeitures</b>	<b>Miscellaneous</b>	<b>Total</b>
1994	\$ 9,365	\$ 505	\$ 3,253	\$ 454	\$ 332	\$ 1,413	\$ 15,322
1995	9,794	697	3,322	611	330	1,700	16,454
1996	10,881	661	3,796	601	314	1,502	17,755
1997	12,143	752	4,059	661	253	1,598	19,466
1998	12,623	713	4,695	1,006	270	1,762	21,069
1999	13,522	851	5,228	1,053	383	1,967	23,004
2000	14,276	1,081	4,230	4,067	285	2,819	26,758
2001	14,938	1,177	4,520	4,380	1,166	2,959	29,140
2002	15,793	827	4,757	4,516	331	1,849	28,073
2003	17,462	1,006	5,522	4,524	323	1,746	30,582

(1) Includes General, Special Revenue and Debt Service Funds.



Table IIA

**CITY OF SANFORD, FLORIDA**  
**General Governmental Tax Revenues by Source (1)**  
**Last Ten Fiscal Years**

(amounts expressed in thousands)

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Local Option Gas and Use Taxes</b>	<b>Franchise Fees</b>	<b>Utility Services</b>	<b>Other Taxes</b>	<b>Total</b>
1994	\$ 4,820	\$ 485	\$ 1,555	\$ 2,500	\$ 6	\$ 9,366
1995	5,213	451	1,552	2,567	11	9,794
1996	5,281	482	1,849	3,258	11	10,881
1997	6,243	570	1,901	3,414	15	12,143
1998	6,337	589	1,986	3,693	18	12,623
1999	6,492	846	2,315	3,858	11	13,522
2000	6,916	817	2,224	4,307	12	14,276
2001	7,256	808	2,603	4,252	19	14,938
2002	7,924	770	2,397	4,686	16	15,793
2003	8,855	1,050	2,477	5,072	7	17,461

(1) Includes General, Special Revenue and Debt Service Funds.

Source: "Annual Financial Report of Units of Local Government"

Table III

**CITY OF SANFORD, FLORIDA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Total Tax Levy (1)</b>	<b>Current Tax Collections (2)</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Collections As % of Current Levy</b>
1993	1994	\$ 5,042,337	\$ 4,787,604	94.95%	\$ 31,905	\$ 4,819,509	95.58%
1994	1995	5,312,281	5,013,541	94.38%	199,265	5,212,806	98.13%
1995	1996	5,482,048	5,219,577	95.21%	61,807	5,281,384	96.34%
1996	1997	6,407,351	6,197,399	96.72%	46,104	6,243,503	97.44%
1997	1998	6,816,324	6,274,222	92.05%	62,933	6,337,155	92.97%
1998	1999	6,781,938	6,472,094	95.43%	19,775	6,491,869	95.72%
1999	2000	7,188,198	6,831,026	95.03%	84,672	6,915,698	96.21%
2000	2001	7,569,251	7,208,953	95.24%	46,767	7,255,720	95.86%
2001	2002	8,321,052	7,863,714	94.50%	60,457	7,924,171	95.23%
2002	2003	9,297,221	8,808,277	94.74%	46,371	8,854,648	95.24%

(1) Total assessed value times millage rate.

(2) Includes General Fund.

Source: "Annual Financial Report of Units of Local Government"

Table IV

**CITY OF SANFORD, FLORIDA**  
**Assessed and Estimated Actual Value of Taxable Property (1)**  
**Last Ten Fiscal Years**

(amounts expressed in thousands)

Tax Year	Fiscal Year	Real Property		Personal Property		Centrally Assessed		Total		Ratio of Total Assessed to Total Estimated Actual Value
		Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1993	1994	\$ 616,887	\$ 616,887	\$ 115,502	\$ 115,502	\$ 946	\$ 946	\$ 733,335	\$ 733,335	100.00%
1994	1995	649,068	649,068	122,366	122,366	1,160	1,160	772,594	772,594	100.00%
1995	1996	664,468	686,433	131,296	135,636	1,161	1,199	796,925	823,268	96.80%
1996	1997	771,712	797,223	159,142	164,403	1,002	1,035	931,856	962,661	96.80%
1997	1998	810,040	810,040	179,625	179,625	1,671	1,671	991,336	991,336	100.00%
1998	1999	860,728	877,399	193,660	197,411	1,357	1,383	1,055,745	1,076,193	98.10%
1999	2000	921,760	929,194	204,173	205,820	2,264	2,282	1,128,197	1,137,296	99.20%
2000	2001	973,327	995,222	214,988	219,824	2,162	2,211	1,190,477	1,217,257	97.80%
2001	2002	1,091,830	1,117,533	236,505	242,073	1,911	1,956	1,330,246	1,361,562	97.70%
2002	2003	1,264,975	1,275,176	232,219	234,092	1,955	1,971	1,499,149	1,511,239	99.20%

(1) Source "Certification of Taxable Value" as filed with the Seminole County Property Appraiser's Office.

(2) Centrally assessed property consists of railroad and telegraph systems assessed by the State of Florida.

Table V

**CITY OF SANFORD, FLORIDA**  
**Property Tax Rates - Direct and Overlapping Governments (1) (2)**  
**Last Ten Fiscal Years**

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>City of Sanford</b>	<b>Seminole County</b>	<b>Seminole County School Board</b>	<b>Other</b>	<b>Total</b>
1993	1994	6.8759	5.3841	10.0430	0.470	22.7730
1994	1995	6.8759	5.3622	10.0930	0.482	22.8131
1995	1996	6.8759	5.3772	10.3370	0.482	23.0721
1996	1997	6.8759	5.3889	10.3080	0.482	23.0548
1997	1998	6.8759	5.3625	10.0360	0.482	22.7564
1998	1999	6.8700	5.2813	9.9180	0.482	22.5513
1999	2000	6.7900	5.1159	9.5410	0.482	21.9289
2000	2001	6.7500	5.1072	9.3450	0.472	21.6742
2001	2002	6.6250	5.2197	9.1620	0.462	21.4687
2002	2003	6.5000	4.9989	8.2410	1.148	20.8879

(1) Source: Seminole County Tax Collector's Office and City of Sanford Finance Department

(2) Rates are stated as an amount per \$1,000 of assessment value

Table VI

**CITY OF SANFORD, FLORIDA**  
**Principal Taxpayers (1)**  
**September 30, 2003**

<b>Taxpayer Name</b>	<b>Business Name</b>	<b>Type of Business</b>	<b>2002 Assessed Value</b>	<b>2003 Assessed City Taxes</b>	<b>Percent of Total Assessed Taxes</b>
Seminole Towne Center, LP	Seminole Towne Center Mall	Shopping Center	\$ 87,867,747	\$ 571,140	5.86%
Central Florida Regional Hospital	Central Florida Regional Hospital	Hospital	33,744,384	219,338	2.25%
BellSouth	BellSouth	Telecommunications	30,104,891	195,682	2.01%
FL Power & Light	FL Power & Light	Utilities	23,076,200	149,995	1.54%
Plantation Lakes	Plantation Lakes LTD	Property Management	22,067,478	143,439	1.47%
Unicell Paper Mills Inc.	Unicell Paper Mills Inc.	Pulp Paper Mills	20,109,266	130,710	1.48%
Wal-Mart Stores East	Wal-Mart Stores East - Inc.	Discount Store	17,574,445	114,234	1.17%
Westlake Apartments LTD	Cardinal Cove	Multi - Family Apartments	16,015,754	104,102	1.07%
KIMCO of Merrit Island Inc.	Kimco Realty Corp.	Retail Center	12,720,120	82,681	0.85%
Arbor Lakes Ltd.	Arbor Lakes Ltd.	Multi - Family Apartments	12,052,610	78,342	0.80%

(1) Sources:

Research conducted by the City of Sanford Finance Department from data supplied by the Seminole County Property Appraiser's Office. Does not necessarily reflect all highest or principal taxpayers.

Table VII

**CITY OF SANFORD, FLORIDA**  
**Computation of Direct and Overlapping Debt**  
**General Obligation Bonds**  
**September 30, 2003**

<u>Jurisdiction</u>	<u>Total Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Sanford</u>	<u>Amount Applicable to City of Sanford</u>
Overlapping:			
Seminole County School District (1)	\$ 17,580,000	8.13%	\$ 1,429,339
Seminole County Government (2)	28,705,000	8.13%	<u>2,333,855</u>
Total Debt Overlapping			<u><u>\$ 3,763,194</u></u>

(1) Source: Seminole County School Board

(2) Source: Seminole County Finance Department

Table VIII

**CITY OF SANFORD, FLORIDA**  
**Revenue Bond Coverage**  
**Water and Sewer Bonds**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1) (4)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3) (5)			Basic Covenant Coverage
				Principal	Interest	Total	
1994	\$ 8,337,961	\$ 5,077,452	\$ 3,260,509	\$ 620,000	\$ 1,843,918	\$ 2,463,918	1.323
1995	8,808,567	5,275,785	3,532,782	635,000	1,828,918	2,463,918	1.434
1996	9,362,738	5,539,924	3,822,814	665,000	1,803,131	2,468,131	1.549
1997	9,851,873	5,362,477	4,489,396	695,000	1,774,301	2,469,301	1.818
1998	9,874,955	5,911,245	3,963,710	725,000	1,742,480	2,467,480	1.606
1999	10,250,591	5,866,986	4,383,605	755,000	1,708,180	2,463,180	1.780
2000	10,531,433	5,938,324	4,593,109	795,000	1,670,930	2,465,930	1.863
2001	10,927,894	6,314,436	4,613,458	840,000	1,630,336	2,470,336	1.868
2002	11,195,215	6,927,173	4,268,042	885,000	1,586,235	2,471,235	1.727
2003	12,330,290	7,197,023	5,133,267	920,000	408,655	1,328,655	3.864

(1) Gross revenues from water and sewer charges for services, plus interest income and service charges.

(2) Total operating expenses exclusive of depreciation and amortization of intangibles.

(3) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.

(4) Does not include system development charges or pledged public service taxes which are allowable revenues to meet extended covenant requirements.

(5) Debt service requirements decreased for 2003 due to the refunding of 1992 and 1993 bonds payable. The debt service amount presented for 2003 is that of 2004, since revised debt service requirements are first applicable in 2004.

Table IX

**CITY OF SANFORD, FLORIDA**  
**Demographic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
1994	34,542	9,152	5.4%
1995	35,311	9,367	4.1%
1996	35,279	9,345	3.3%
1997	35,529	9,388	3.1%
1998	36,274	9,533	2.6%
1999	37,327	9,523	2.8%
2000	38,974	10,771	3.3%
2001	40,435	10,782	3.6%
2002	43,251	11,957	5.9%
2003	44,549	12,450	5.1%

- Sources:
- (1) City of Sanford Engineering Department research.
  - (2) Seminole County School Board. This table reflects the enrollment for public schools within the Sanford city limits.
  - (3) Florida Department of Labor and Employment Security, Division of Employment Security, Bureau of Labor Market Information. Figures are for Seminole County.



Table X

**CITY OF SANFORD, FLORIDA**  
**Property Value, Construction and Bank Deposits**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Estimated Actual Value of Total Property (amount in thousands) (1)</b>	<b>Value of Construction Permits Issued (2)</b>	<b>Financial Institutions Deposits (amount in thousands) (3)</b>
1994	\$ 733,335	\$ 41,776,621	\$ 2,403,008
1995	772,594	73,241,292	2,452,081
1996	823,269	49,669,055	2,058,040
1997	962,661	52,847,795	2,563,169
1998	991,336	60,347,667	2,638,247
1999	1,055,745	73,369,019	2,883,016
2000	1,128,197	128,430,376	2,942,999
2001	1,190,477	115,185,098	3,217,878
2002	1,330,246	51,845,838	3,686,984
2003	1,499,149	100,739,965	4,248,041

Sources: (1) Seminole County Property Appraiser's Office.

(2) City of Sanford Building Department.

(3) Florida League of Financial Institutions & Florida Bankers Association Figures are for Seminole County.

**CITY OF SANFORD, FLORIDA**  
**Miscellaneous Statistics**  
**September 30, 2003**

<b>Date of Incorporation</b>	September 29, 1877
<b>Form of Government</b>	Commission/City Manager
<b>Area</b>	21 square miles
<b>Miles of Streets</b>	149 miles
<b>Fire Protection:</b>	
Number of Fire Stations	3
Number of Firefighters and Officers	69.5
<b>Police Protection:</b>	
Number of Stations	5
Number of Sworn Officers	108
<b>Municipal Water System:</b>	
Number of Customers	13,574
Average Daily Consumption	6.1 MGD
Plant Capacity - All Plants	17.5 MGD
Deep Wells	20
Number of Fire Hydrants	1008
<b>Municipal Sewer System:</b>	
Number of Customers	12,641
Treatment Facility Capacity	7.3 MGD
Annual Average Flow	6.5 MGD
<b>Municipal Stormwater System:</b>	
Number of Customers	11,927
<b>Building Permits Issued</b>	4,233
<b>Recreation and Culture:</b>	
Number of Regional Parks	1
Number of Neighborhood Parks	36
Park Area - Number of Acres	342 acres
Number of Libraries/Museums	1
Number of Books	3,556
<b>City Employees</b>	465

## **COMPLIANCE SECTION:**

This section contains the following subsections:

- REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
- REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE
- SCHEDULE OF FINDINGS AND QUESTIONED COSTS
- SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
- SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
- NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
- INDEPENDENT AUDITORS' MANAGEMENT LETTER



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

We have audited the financial statements of the City of Sanford, Florida (the "City") (other than the Sanford Airport Authority) as of and for the year ended September 30, 2003, and have issued our report thereon dated January 30, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements (other than the Sanford Airport Authority) are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's (other than the Sanford Airport Authority) internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate management letter dated January 30, 2004.

This report is intended solely for the information and use of City management, the City Commission, the State of Florida Office of the Auditor General and applicable federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Cheng, Schacht & Holland, L.L.P.*

Orlando, Florida  
January 30, 2004



**Independent Auditors' Report on Compliance and Internal Control  
over Compliance Applicable to each Major Federal Awards  
Program and State Financial Assistance Project**

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

**Compliance**

We have audited the compliance of the City of Sanford, Florida (the "City") (other than the Sanford Airport Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement*, and the requirements described in the Executive Office of the Governor's State Projects Compliance Supplement, that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2003. The City's major federal awards programs and state financial assistance projects are identified in the summary of auditors' findings section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal awards programs and state financial assistance projects is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal awards program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal awards programs and state financial assistance projects for the year ended September 30, 2003.

## Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal awards programs and state financial assistance projects. In planning and performing our audit, we considered the City of Sanford, Florida's internal control (other than the Sanford Airport Authority) over compliance with requirements that could have a direct and material effect on a major federal awards program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

Our consideration of the internal control over compliance would not necessarily disclose all of the matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal awards program or state financial assistance project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of City management, the City Commission, the State of Florida Office of the Auditor General and applicable federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Chang, Bohart & Holland, L.L.P.*

Orlando, Florida  
April 9, 2004

**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs –**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2003**

**Part I. Summary of Auditors' Results**

1. The Independent Auditors' Report on the financial statements expresses unqualified opinions.
2. No reportable conditions relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No reportable conditions relating to the audit of major federal award programs or state financial assistance projects are reported in the Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal Awards Program and State Financial Assistance Project.
5. The Independent Auditors' Report on compliance for each major federal awards program and state financial assistance project expresses an unqualified opinion.
6. There were no audit findings relative to major federal awards programs.
7. There were no audit findings relative to major state financial assistance projects.
8. The programs/projects tested as major programs/projects include the following:

<b>Federal Programs</b>	<b>CFDA Number</b>
<b>U.S. Department of HUD</b>	
Community Development Block Grant	14.218
<b>U.S. Department of Justice:</b>	
COPS in Schools	16.710
<b>U.S. Environmental Protection Agency:</b>	
Financial Assistance Grant	66.606
State Revolving Loans	66.458
State Revolving Loans	66.468
<b>State Project</b>	<b>CSFA Number</b>
<b>Florida Department of Environmental Protection:</b>	
State Restoration Projects	37.039



**CITY OF SANFORD, FLORIDA**  
**Schedule of Findings and Questioned Costs –**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2003**

9. The threshold used to distinguish between Type A and Type B programs/projects was \$300,000 for both major federal awards programs and major state financial assistance projects.
10. The City of Sanford, Florida qualified as a low-risk auditee as that term is defined in OMB Circular A-133.

**Part II. Findings Related to The Financial Statements**

This section identifies reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. None are reported.

**Part III. Findings and Questioned Costs for Major Federal Awards Programs**

There were no findings or questioned costs reported.

**Part IV. Findings and Questioned Costs for Major State Financial Assistance Project**

There were no findings or questioned costs reported.

**CITY OF SANFORD, FLORIDA**  
**Summary Schedule of Prior Audit Findings and Corrective Action Plan**  
**Federal Awards Programs and State Financial Assistance Projects**  
**Year Ended September 30, 2003**

Prior Year Audit Findings:

There were no audit findings in the prior year independent auditors' reports which required corrective action.

Corrective Action Plan:

There were no findings in the current year that required a corrective action plan.

**CITY OF SANFORD, FLORIDA**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2003**

<u>Federal Grantor/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number/ Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash programs:			
U.S. Department of HUD:			
Passed through: Seminole County - Community Development Block Program:			
Community Development Block Grant	14.218		\$ 536,245
Goldsboro Sidewalk	14.218		-
Total Department of HUD:			<u>536,245</u>
U.S. Department of Energy:			
Passed through: State Department of Community Affairs:			
Weatherization Assistance	81.042	03-LH-2J-06-69-02-029	21,768
Weatherization Assistance	81.042	03-WX-2Y-06-69-02-029	13,380
Weatherization Assistance	81.042	03-AL-3X-06-69-02-029	15,727
Weatherization Assistance	81.042	03-LE-35-06-69-02-029	29,551
Total Department of Energy			<u>80,426</u>
U.S. Department of Health and Human Services:			
Passed through: State Department of Community Affairs:			
Low Income Home Energy Assistance	93.568	03-EA-3R-06-69-02-027	144,836
Low Income Home Energy Assistance	93.568	03-EA-2J-06-69-02-026	134,303
Total Department of Health and Human Services			<u>279,139</u>
U.S. Department of Agriculture:			
Passed through: State Department of Education			
Summer Food Service Program	10.559		6,495
Cooperative Forestry Assistance	10.664		15,000
Total Department of Agriculture			<u>21,495</u>
U.S. Department of Justice:			
Local Law Enforcement Block Grant	16.592	00-LB-BX-1174	126,353
Local Law Enforcement Block Grant	16.592	02-LB-BX-0571	124,988
COPS in Schools	16.710	1999CMWX2659	76,711
COPS in Schools	16.710	2000SHWX0653	137,051
Bullet Proof Vests	16.607		8,633
Total Department of Justice			<u>473,736</u>
U.S. Department of Transportation:			
Passed through: State of Florida Department of Transportation:			
Local Agency Agreement - Riverwalk	20.205		1,210,682
Local Agency Agreement - 16th Street	20.205		113,578
Florida DOT DUI Enforcement Grant	20.601	JB-03-03-07	19,448
Total Department of Transportation			<u>1,343,708</u>
U.S. Environmental Protection Agency:			
Passed through: State of Florida Department of Environmental Protection:			
Financial Assistance Grant	66.606	XP984497-98-01	395,090
State Revolving Fund Loan	66.458	CS120-586220	5,603,891
State Revolving Fund Loan	66.468	DW5906010	5,654,025
Total Environmental Protection Agency			<u>11,653,006</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 14,387,755</u></u>

**CITY OF SANFORD, FLORIDA**  
**Schedule of Expenditures of Federal Awards and State Financial Assistance**  
**Year Ended September 30, 2003**

<u>State Grantor Grantor Program Title</u>	<u>State CSFA Number</u>	<u>Grant Number/ Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<b>Florida Department of Environmental Protection:</b>			
State Restoration Projects - Stormceptor Grant	37.039	FDEP S0095	\$ 209,979
State Restoration Projects - Lake Monroe Seawalls Grant	37.039	FDEP S0013	1,672,200
Total Department of Environmental Protection:			<u>1,882,179</u>
<b>Florida Department of Community Affairs:</b>			
Construction Retrofit Program	52.016	03-RC-11-06-69-02-005	70,118
Construction Retrofit Program	52.016	02-RC-11-06-69-02-012	54,969
Total Department of Community Affairs:			<u>125,087</u>
<b>Florida Department of Law Enforcement:</b>			
Victim Witness Protection Reimbursement	71.004		3,830
Willford/Williams Homicide	71.004		13,882
Total Department of Law Enforcement:			<u>17,712</u>
<b>Total State Financial Assistance</b>			<u><u>\$ 2,024,978</u></u>

**City of Sanford, Florida**  
**Notes to Schedule of Expenditures of Federal Awards and**  
**State Financial Assistance**  
**For The Year Ended September 30, 2003**

**Note 1 – Reporting Entity**

For reporting entity purposes, the Schedule of Federal Awards and State Financial Assistance include only the activities of the City of Sanford's primary government and not its discretely presented component unit.

**Note 2 – Summary of Significant Accounting Policies**

The accounting policies and presentation of the Schedule of Expenditures of Federal Awards and State Financial Assistance are in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.



## INDEPENDENT AUDITORS' MANAGEMENT LETTER

Honorable Mayor, City Commissioners  
and City Management  
City of Sanford, Florida:

We have audited the financial statements of the City of Sanford (the "City"), as of and for the year ended September 30, 2003, and have issued our report thereon dated January 30, 2004.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Compliance and Internal Control over Financial Reporting, Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in accordance with OMB Circular A-133, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated January 30, 2004, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(g)1.a.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no such matters reported in the preceding annual financial audit.

The Rules of the Auditor General (Section 10.554(1)(g)1.b.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding audit report.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. Management of the City has determined that the City is not in a state of financial emergency under Section 218.503(1). In connection with our audit of the City, the results of our tests did not indicate that the City is in a state of financial emergency as a consequence of the conditions in Section 218.503(1). However, our audit does not provide a legal determination on the City's compliance with this requirement.

The Rules of the Auditor General (Section 10.554(1)(g)6.b.) state that a management letter shall include a statement as to whether or not the financial report filed with the Florida Department of Financial Services, pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the current audit period and, if not, explanations of any significant differences. In connection with our audit of the City, the results of our tests indicate that the annual financial report for the year ended September 30, 2003, filed with the Department of Banking and Finance, is in agreement with the annual financial audit report for the current audit period.

The Rules of the Auditor General (Section 10.554(1)(g)2.) state that a management letter shall have a statement as to whether or not the City complied with Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit of the financial statements of the City, the results of our tests did not indicate that the City was in noncompliance with Section 218.415 regarding the investment of public funds.

The Rules of the Auditor General (Section 10.554(1)(g)4.) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. There were no such matters noted.

The Rules of the Auditor General (Section 10.554(1)(g)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The City was formed under Chapter 4511, laws of Florida (1893) and is subject to Chapter 165, Florida Statutes. The legal authority for component units is provided in the notes to the financial statements.

As required by the Rules of the Auditor General (Sections 10.554(1)(g)6.c. and 10.556), the scope of our audit included financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The financial condition assessment procedures disclosed no deteriorating financial conditions.

This report is intended solely for the information and use of City management, the City Commission, and the State of Florida Office of the Auditor General, and is not intended to be and should not be used by anyone other than those specified parties.

*Cherry, Bohart & Holland, L.L.P.*

Orlando, Florida  
January 30, 2004